

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014



**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	I Poole Dr B Wratten A Hayne
Trustees	I Poole, Parent Governor ^{1,2,3,4,5} S Jones, Parent Governor ¹ Dr B Wratten, Head Teacher ^{1,2,3,4,5} S Arlidge, Parent Governor (resigned 10 September 2013) ¹ E Burd, Parent Governor (resigned 6 September 2013) ^{2,5} J Davey, Staff Governor ^{1,2} J Gill (appointed 11 September 2013) A Hayne, Staff Governor ^{3,4} P Hemming (resigned 17 December 2013) ^{4,5} J Hutson ¹ J Lawrence (appointed 15 October 2013) L Malik ¹ M Mooney (appointed 1 September 2013) A Owen ² A Parker, Parent Governor ³ M Payne (appointed 1 September 2013) R Penney (appointed 11 September 2013) T Roberts (appointed 15 October 2013) R Thompson, Staff Governor ^{2,4} P Todd ^{2,4} G Turner (appointed 12 February 2014) ¹ Strategic and Planning Committee ² Curriculum and Behaviour Committee ³ Finance and Premises Committee ⁴ Personnel Committee ⁵ Pay Committee
Company registered number	07687722
Principal and registered office	Churchill Green Churchill North Somerset BS25 5QN
Company secretary	A Neale, Business Manager
Accounting officer	Dr B Wratten
Senior Leadership Group	Dr B Wratten, Head Teacher M Branch, Deputy Head F Dawes, Deputy Head C George, Assistant Head / Director of Sixth Form L McKay, Assistant Head / Director of Student Welfare P Trapp, Assistant Head / SENCO J Morgan, Assistant Head / Outstanding Achievement R Morgan, Assistant Head / Outstanding Achievement A Neale, Business Manager T Helliwell, Associate of Senior Leadership Group / Faculty Coordinator A Blackburn, Associate of Senior Leadership Group / Faculty Coordinator

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT
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Bankers	Lloyds Bank plc Bath Street Cheddar Somerset BS27 3AB
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Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
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**CHURCHILL ACADEMY
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Churchill, North Somerset. It has a pupil capacity of 1,545 and had a roll of 1,509 in the school census on 31 January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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.

The Trustees of Churchill Academy are also the directors of the charitable company for the purposes of company law.

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

Members' liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3 million in aggregate claims.

TRUSTEES

Method of recruitment and appointment or election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 7 Trustees, appointed under article 50
- up to 3 staff Trustees, if appointed under Articles 58A , 58B
- subject to there being a minimum of 2 elected Parent Trustees up to 5 Parent Trustees under Articles 53-58; up to 2 Appointed Trustees , appointed under Article 50
- up to 1 specified Staff Trustee appointed under article 50
- The Head Teacher (who is treated for all purposes as being an ex officio Trustee)
- Any additional Trustees, if appointed under Articles 62, 62A or 68A; and
- Any Further Trustees, if appointed under Articles 63 or 68A

Trustees are appointed for a four year period, except that this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee induction policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by Governor support within the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 5 committees as follows;

Finance and Premises Committee

Meeting frequency – 4/5 times per year

Purpose - Responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Health and Safety, site and premises are also within the remit of this committee.

Curriculum and Behaviour Committee

Meeting frequency – 3 times per year

Purpose - To evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

Strategic Planning Committee

Meeting Frequency – 3 times per year

Purpose - To ensure that the Academy is following the strategic direction established by the Governing Body; and to keep all aspects of the Academy's performance under review and support overall improvement activity within the school working closely with the SLG and other focused Trustees' Sub-Committees. This group also acts as the Admissions Committee for the Board of Trustees.

Personnel Committee

Meeting Frequency – 4 times per year

Purpose - The Committee has responsibility for all staffing matters apart from pay changes. It obtains information from the Head Teacher and others in order to be satisfied that Trustees' responsibilities are carried out.

Pay Committee

Meeting frequency – at least once per year

Purpose – to agree and authorise pay related matters.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Head Teacher and Clerk to the Trustees, to approve the Annual School Improvement Action Plan and Academy budget.

**CHURCHILL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Group, Faculty Co-ordinators and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Group (SLG) consists of the Headteacher, two Deputy Headteachers, 5 Assistant Headteachers, the Academy Business Manager and three Associate members of the SLG. The SLG controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, Academy Business Manager and Finance and Premises Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for senior staff posts always include a Trustee.

The Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

Tone Leisure Ltd has use of the Academy's leisure facilities and there is a dual use agreement between them and the Academy.

The Academy has strong collaborative links with 8 feeder primary schools which form part of the Churchill Cluster.

There are no related parties which either control or significantly influence the decisions and operations of Churchill Academy. There is an active Parent Teacher Association. There are no sponsors of the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of Churchill Academy to provide free education and care for pupils of different abilities between the ages of 11 and 18.

Our primary aim at Churchill is to educate all our students to the highest standards they can achieve and to support them in becoming confident individuals, successful learners and responsible citizens. The Academy's work is underpinned by the values we proclaim: Care-Inspire-Challenge-Achieve. To fulfil this, we will:

- Provide our students with a range of knowledge and skills;
- Provide a broad range of subjects and ways of study;
- Meet the individual interests, abilities, aptitudes and needs of all students;
- Encourage our students to aim high, to appreciate ambition and enterprise and to recognise the value of all their achievements.

**CHURCHILL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Objectives, Strategies and Activities

Key priorities for the coming year are contained within our School Improvement Action Plan, which forms part of our Three Year Strategic Plan. These include:

Finance	To optimise the management of academy funds to ensure the most effective use of resources in achieving the best possible outcomes for our students.
Curriculum; Achievement and Progress	To educate all students to the highest standards so that they can achieve their potential and to support them in becoming confident individuals, independent learners and responsible citizens.
Behaviour	To enable all students to develop their role as a citizen of the Academy, promoting our core values of care, inspire, challenge and achieve and also respect, tolerance, achievement and belonging.
Premises	To ensure that the physical resources of the Academy are used as effectively as possible to support the drive for it's work to be "Outstanding" in all respects.
Strategic Planning	To ensure that the Academy achieves "Outstanding" status in all aspects of its work through ambitious target-setting, effective leadership and management and robust accountability.
Personnel	To have an appropriately trained, focused and dedicated staff group who are satisfied with their leadership, well-being, methods of communication, CPD opportunities and professional experience within the Academy.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

STRATEGIC REPORT

Achievements and Performance

A Level results

Churchill celebrate leading A*-C grades and 99% pass rate for third year

The Academy celebrated after achieving 78% A*-C grades, a performance that once more demonstrated the consistency in results from the Sixth Form, having North Somerset's top results for A*-C grade for the last three years. The overall pass rate was 99.1%; the third year in a row we exceeded a 99% pass rate.

Nearly one in four grades was A*-A with over half being A*, A or B and the average point score per student this year increased, reflecting a highly motivated and talented Year 13 cohort.

A staggering 93% of students will be going to their first choice University, 33% of those to Russell Group Universities.

Stand-out subject performance by a single subject was Economics where five of the 11 candidates secured A*

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

grades, but there were other subjects with very good A* and A grade totals – Maths, Psychology, Textiles, Biology, Chemistry and English.

AS Level results (Year 12) were also very encouraging. A sizable proportion of students gained all their grades at A to C (there are no A* grades at AS Level). One student had a royal flush of four straight A grades, whilst nine other students had three A grades each. Twenty other students gained at least one of their grades at A also.

**GCSE results
Record breaking results for Churchill**

The Academy also celebrated record breaking GCSE results; 71% A*-C grades including English and Maths. This performance improved on last year's result by 2% and shows the strength and consistency in Churchill's exam success.

23% of students gained five or more A*-A grades, an outstanding result reflecting a very conscientious and hardworking Year group. The overall A*-C pass rate was 84%.

53% of subjects have improved on last year's pass rate with English Language leading in the core subjects with an 86% pass rate and maths at 78%.

During the year, the Academy completed the refurbishment of its Hall and Gym, which was made possible through a successful bid as part of the EFA's Academies Capital Maintenance Fund programme at a cost of £822,881, of which £746,981 was funded.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention to ensure that the Academy retains sufficient funds to continue its educational activities. The amount carried forward as at 31 August 2014 was £608,350.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014 this was 82%, compared to 82% in 2013.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going Concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2014, the Academy received total income of £7,728,886 which consisted of £7,333,411 of recurrent grant funding from the DfE, £41,192 of grants from the Academies Capital Maintenance Fund and £354,283 of other incoming resources.

At 31 August 2014 the net book value of fixed assets was £17,204,499 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the period include the Purchasing Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Trustees

Trustees have adopted a Responsible Officer Policy and appointed Bishop Fleming LLP to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 4 reports which contained no matters of significance.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £100,000. 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. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £161,786.

The Governors have reviewed the future plans of the Academy and have set designated reserves as follows:

- Student Toilets - £70,000

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trusts budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Business Manager within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 96.5% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns,

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has an agreed Risk Management strategy, a risk register and a risk management plan. These have been discussed with Trustees and also include financial risks to the Academy. The register and plan are regularly reviewed.

PLANS FOR FUTURE PERIODS

The Academy has submitted an expression of interest (EOI) to the EFA for the Priority Schools Building Programme 2, which if successful will address the significant building condition issue in the main Tudor building. The outcome of the EOI will be known by the end of December 2014.

The Academy still continues to plan any building work in line with its site master plan so as to enable a strategic approach for major site development. All successful ACMF projects are in line with the plan, this includes the EOI.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 2 December 2014 and signed on the board's behalf by:



**Mr I Poole
Chair of Trustees**

**CHURCHILL ACADEMY
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees 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 Churchill Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
I Poole, Parent Governor	3	4
S Jones, Parent Governor	3	4
Dr B Wratten, Head Teacher	4	4
S Arlidge, Parent Governor (resigned 10 September 2013)	1	1
E Burd, Parent Governor (resigned 06 September 2013)	0	0
J Davey, Staff Governor	2	4
J Gill	3	3
A Hayne, Staff Governor (on maternity leave for part of the year)	2	4
P Hemming (resigned 17 December 2013)	2	2
J Hutson	4	4
J Lawrence	2	3
L Malik	4	4
M Mooney	4	4
A Owen	4	4
A Parker, Parent Governor	2	4
M Payne	2	3
R Penney	3	3
T Roberts	1	3
R Thompson, Staff Governor	3	4
P Todd	4	4
G Turner	1	2

GOVERNANCE STATEMENT (continued)

Remit for Governors' Finance & Premises Committee

The Finance & Premises Committee will:

1. In conjunction with the Headteacher and Business Manager, formulate the schools' financial strategy and establish an annual budget for recommendation to the Governing Body for approval.

It will monitor expenditure throughout the year and obtain reports from the Headteacher, Business Manager and others to be satisfied that the Governors' responsibilities are carried out.

Specifically:

- (a) Review the previous year's figures and any changes impacting on future income and expenditure.
- (b) Agree a draft budget and present this to the Governing Body for approval in accordance with the timetable required by the Education Funding Agency.
- (c) Monitor monthly income and expenditure.
- (d) Have delegated authority to agree expenditure within the levels set in the Academy's Purchasing Policy.
- (e) Have delegated authority to agree virements of minor amounts between budget headings not exceeding 2% of the annual expenditure budget.
- (f) Consider and recommend to Governors, projects which will enhance curriculum provision and be funded from the delegated budget.
- (g) Review appropriate Academy Policy Documents and recommend to the Governing Body re-adoption with any necessary changes.
- (h) Set the agreed limit for each budget heading.
- (i) To provide an Annual Report in accordance with statutory Companies Act 2006 regulations and the accounts direction set by the EFA.
- (j) To provide an Audit Committee function to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.

2. Be responsible for monitoring the development and maintenance of the school site and recommending to the Governing Body improvements and further developments to meet the academic and community needs of the school. It will obtain reports from the Headteacher and others in order to be satisfied that the Governors' responsibilities are carried out.

Specifically:

- (a) Receive and recommend to Governors a planned programme for internal and minor external maintenance and development and monitor this programme.
- (b) Liaise with the Local Authority fulfilling their responsibilities for major external maintenance and repairs.
- (c) Have delegated powers to arrange support service contracts and be responsible for monitoring their operation.
- (d) Recommend to the Governing Body projects for capital development and liaise with the Education Funding Agency (EFA) for funding of such projects.
- (e) Pursue opportunities for project funding from national and local initiatives and sponsors.
- (f) Have delegated powers to ensure that the Governors' responsibilities for Health & Safety are fulfilled.
- (g) Monitor progress and expenditure on development projects.
- (h) Annually review the Health and Safety provision and provide an annual report for the Full Governing Body.
- (i) Review appropriate School Policy Documents and recommend to the Governing Body re-adoption with any necessary changes.
- (j) Monitor repair/maintenance programmes initiated by the Head within the limitations delegated to him.

Statutory governance responsibilities managed by this committee:

- Formulation of the financial strategy, setting a realistic annual budget for recommendation to the Governing Body for approval.
- Monitor and oversee management of expenditure throughout the year; obtain reports from the Headteacher, Business Manager etc; to satisfy the Governors' obligations and duties are carried out (eg. regarding prudence, value for money, cash-flow).
- Monitoring the development and maintenance of the school site (including Health and Safety) and recommending to the Governing Body improvements and further developments to meet the academic and community needs of the Academy.

**CHURCHILL ACADEMY
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GOVERNANCE STATEMENT (continued)

Main areas of achievement – in order of achievement:

1. Increased membership of committee, which now has a well-balanced skill set that will be able to provide the right support and challenge for the Academy.
2. Recommended Academy 2013/14 Budget approved by the FGB.
3. Governors now have a robust understanding of the cost drivers within the Academy.
4. Greater transparency through challenge of information presented.
5. Recommendation to FGB of new Academy Pay Ranges (in conjunction with Personnel Committee).
6. Successful completion of the ACMF2 programme.
7. Inter committee work/communication has improved.
8. Reviewed and approved 2014 Health and Safety audit reports and policies.

Areas of challenge to SLG

- Develop a variety of future budget forecast scenarios to support decision making to enable financial sustainability.
- Financially sustainable staffing structure [in conjunction with other committees]
- Continue to work on innovative contract procurement options

Outcome / follow-up

- Two Year budget forecast produced.
- Other budget scenarios to be drafted.
- Further discussion required through Governor working group
- Catering/Cleaning Contract due July 2015. Major review of Utilities contract June 2015

Any suggested areas of development to pursue:

- Business Continuity Plan to be formulated using the structures already established in 2013.
- Risk Management and Review to reflect current financial and competitive challenges.
- Further embed a culture of integrated financial planning linked with the Academy's Educational vision with all staff, especially the SLG.

General comments on work of the Committee:

The committee has benefited from an increased membership and now has a broader skill set which provides both support and challenge to the Academy.

Overall assessment of the contribution of the Committee:

Effective

Key areas for improvement:

- Academy Finance Training for all Governors on committee to gain a better understanding of expectations from EFA and DfE.
- To strive to work towards an Academy culture where financial planning, accounting and accountability is at the heart of what we do to drive value added for all educational outcomes.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Parker	4	5
A Hayne (on maternity leave for part of the year)	2	5
B Wratten	5	5
G Turner	2	2
I Poole	3	5
J Gill	4	5
J Lawrence	3	4
M Payne	4	5
R Penney	3	5

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Churchill Academy for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

GOVERNANCE STATEMENT (continued)

During the financial year 2013/2014, there have been four Responsible Officer visits covering payroll, purchasing and income. No material issues were found as a result of these audits.

All issues identified have been actioned and implemented by the Academy.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 2 December 2014 and signed on their behalf, by:



**Mr I Poole
Chair of Trustees**



**Dr B Wratten
Accounting Officer**

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Churchill Academy I have considered my responsibility to notify the Academy 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 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 Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, 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.



**Dr B Wratten
Accounting Officer**

Date: 2 December 2014

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees (who act as governors of Churchill Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Mr I Poole
Chair of Trustees**

Date: 2 December 2014

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHURCHILL ACADEMY

We have audited the financial statements of Churchill Academy for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHURCHILL ACADEMY

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Bishop Fleming LLP

David Butler FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: *11 December 2014*

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHURCHILL ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 27 August 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 Churchill Academy during the year 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 Churchill Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Churchill Academy and 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 Churchill Academy and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF CHURCHILL ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Churchill Academy's funding agreement with the Secretary of State for Education dated 1 August 2012, and the Academies Financial Handbook extant from 1 September 2013, 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 year 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHURCHILL
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

David Butler FCA DChA (Reporting Accountant)

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: *11 December 2014*

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	16,289	42,006	-	58,295	31,151
Activities for generating funds	3	50,736	-	-	50,736	19,539
Investment income	4	1,686	-	-	1,686	2,513
Incoming resources from charitable activities	5	154,715	7,464,964	-	7,619,679	9,176,171
TOTAL INCOMING RESOURCES		223,426	7,506,970	-	7,730,396	9,229,374
RESOURCES EXPENDED						
Costs of generating funds		29,663	-	-	29,663	19,539
Charitable activities	7,8	167,098	7,981,259	380,245	8,528,602	9,078,672
Governance costs	9	-	14,546	-	14,546	14,141
TOTAL RESOURCES EXPENDED	6	196,761	7,995,805	380,245	8,572,811	9,112,352
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		26,665	(488,835)	(380,245)	(842,415)	117,022
Transfers between Funds	17	-	(37,444)	37,444	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		26,665	(526,279)	(342,801)	(842,415)	117,022
Actuarial gains and losses on defined benefit pension schemes		-	(215,000)	-	(215,000)	127,000
NET MOVEMENT IN FUNDS FOR THE YEAR		26,665	(741,279)	(342,801)	(1,057,415)	244,022
Total funds at 1 September		136,629	(701,990)	17,537,876	16,972,515	16,728,493
TOTAL FUNDS AT 31 AUGUST		163,294	(1,443,269)	17,195,075	15,915,100	16,972,515

All of the Academy's activities derive from continuing operations.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 24 to 41 form part of these financial statements.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07687722

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		17,195,075		17,537,876
CURRENT ASSETS					
Debtors	15	188,656		688,730	
Cash at bank and in hand		975,431		1,109,438	
		<u>1,164,087</u>		<u>1,798,168</u>	
CREDITORS: amounts falling due within one year	16	(311,062)		(516,529)	
NET CURRENT ASSETS			<u>853,025</u>		<u>1,281,639</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,048,100</u>		<u>18,819,515</u>
Defined benefit pension scheme liability	23		(2,133,000)		(1,847,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>15,915,100</u></u>		<u><u>16,972,515</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	17	689,731		1,145,010	
Fixed asset funds	17	17,195,075		17,537,876	
Restricted funds excluding pension liability		<u>17,884,806</u>		<u>18,682,886</u>	
Pension reserve		<u>(2,133,000)</u>		<u>(1,847,000)</u>	
Total restricted funds			<u>15,751,806</u>		<u>16,835,886</u>
Unrestricted funds	17		<u>163,294</u>		<u>136,629</u>
TOTAL FUNDS			<u><u>15,915,100</u></u>		<u><u>16,972,515</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:


Mr I Poole
Chair of Trustees

The notes on pages 24 to 41 form part of these financial statements.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	(83,857)	206,401
Returns on investments and servicing of finance	20	1,022	1,530
Capital expenditure and financial investment	20	(37,444)	(131,876)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(120,279)	76,055
Financing	20	(13,728)	(13,729)
INCREASE/(DECREASE) IN CASH IN THE YEAR		(134,007)	62,326

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/increase in cash in the year	(134,007)	62,326
Cash outflow from decrease in debt and lease financing	13,728	13,729
Loans transferred on conversion	-	-
MOVEMENT IN NET FUNDS IN THE YEAR	(120,279)	76,055
Net funds at 1 September 2013	1,095,710	1,019,655
NET FUNDS AT 31 AUGUST 2014	975,431	1,095,710

The notes on pages 24 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2014.

1.3 FUND ACCOUNTING

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

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

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

1.4 INCOMING RESOURCES

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

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

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

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

Freehold property	-	2% straight line
Plant and machinery	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.7 OPERATING LEASES

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.8 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	16,289	42,006	58,295	23,441
Grants	-	-	-	7,710
	<u>16,289</u>	<u>42,006</u>	<u>58,295</u>	<u>31,151</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings and hire	9,615	-	9,615	7,989
Consultancy	150	-	150	-
IT and PE service fees	17,989	-	17,989	6,097
Income from school productions	22,982	-	22,982	5,453
	<u>50,736</u>	<u>-</u>	<u>50,736</u>	<u>19,539</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	1,686	-	1,686	2,513

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	70,660	70,660	1,604,236
General Annual Grant	-	7,086,268	7,086,268	7,168,888
Other DfE/EFA grants	-	217,675	217,675	224,876
	-	7,374,603	7,374,603	8,998,000
Other government grants				
High Needs	-	54,414	54,414	97,514
Other non-capital government grants	-	31,877	31,877	37,908
	-	86,291	86,291	135,422
Other funding				
Income for hosting trainee teachers	11,364	-	11,364	22,511
School trips and other income	136,191	4,070	140,261	16,321
Sales to students	7,160	-	7,160	3,917
	154,715	4,070	158,785	42,749
	154,715	7,464,964	7,619,679	9,176,171

6. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Generating funds	6,793	-	22,870	29,663	19,539
COSTS OF GENERATING FUNDS	6,793	-	22,870	29,663	19,539
Direct costs	5,198,913	268,385	773,749	6,241,047	6,078,832
Support costs	769,634	1,104,156	413,765	2,287,555	2,999,840
CHARITABLE ACTIVITIES	5,968,547	1,372,541	1,187,514	8,528,602	9,078,672
GOVERNANCE	-	-	14,546	14,546	14,141
	5,975,340	1,372,541	1,224,930	8,572,811	9,112,352

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. DIRECT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	20,000	29,959
Educational supplies	281,458	353,281
Examination fees	145,191	133,635
Staff development	43,950	18,977
Educational visits	194,835	11,075
Supply teachers	157,729	126,581
Technology costs	28,828	2,770
Wages and salaries	4,151,336	4,097,826
National insurance	282,676	310,753
Pension cost	607,172	600,727
Depreciation	327,872	393,248
	6,241,047	6,078,832

8. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	39,000	35,041
Other costs	-	60,748
Support staff agency costs	17,906	-
Recruitment and other staff costs	23,615	1,248
Maintenance of premises and equipment	795,064	1,476,857
Cleaning	126,419	141,542
Rent and rates	39,206	36,520
Heat and light	130,792	215,054
Insurance	70,084	67,473
Security and transport	18,374	13,569
Catering	33,698	34,406
Technology costs	50,636	26,746
Office overheads and publicity	62,638	19,381
Legal and professional	75,358	35,809
Bank interest and charges	664	1,207
Profit on disposal of fixed assets	-	(6,000)
Wages and salaries	593,577	678,855
National insurance	37,712	38,878
Pension cost	120,439	122,506
Depreciation	52,373	-
	2,287,555	2,999,840

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. GOVERNANCE COSTS

	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	7,700	6,500
Auditors' non audit costs	5,051	6,100
Other governance costs	1,795	1,541
	14,546	14,141

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	380,245	393,248
Auditors' remuneration	7,700	6,500
Auditors' remuneration - non-audit	5,051	6,100
Operating lease rentals:		
- plant and machinery	16,421	42,284
- other operating leases	11,270	-

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,734,706	4,776,681
Social security costs	320,388	349,631
Other pension costs (Note 23)	727,611	723,233
	5,782,705	5,849,545
Supply teacher costs	157,729	123,192
Staff restructuring costs	17,000	-
Other supply staff	17,906	-
	5,975,340	5,972,737

b. Staff severance payments

Included in staff restructuring costs is a non-contractual severance payment totalling £17,000 (2013: £Nil).

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11. STAFF (continued)

c. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	83	87
Administration and support	50	59
Management	9	8
	<u>142</u>	<u>154</u>

d. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1
	<u>3</u>	<u>3</u>

The three (2013: three) employees above participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £32,497 (2013: £31,958) per annum.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Head Teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows: Dr B Wratten £110,000-£115,000 (2013: £105,000-£110,000), A Hayne £25,000-£30,000 (2013: £25,000-£30,000), J Davey £45,000-£50,000 (2013: £45,000-£50,000), R Thompson £25,000-£30,000 (2013: £20,000-£25,000) and J Gill £50,000-£55,000 (2013: £Nil).

During the year retirement benefits were accruing to 5 Trustees (2013: 5) in respect of defined benefit pension schemes.

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

During the year, no Trustees received any reimbursement of expenses (2013: £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,715. The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2013	18,061,437	16,825	37,375	221,348	18,336,985
Additions	-	5,275	3,213	28,956	37,444
At 31 August 2014	18,061,437	22,100	40,588	250,304	18,374,429
DEPRECIATION					
At 1 September 2013	647,846	8,165	9,489	133,609	799,109
Charge for the year	311,191	3,504	6,904	58,646	380,245
At 31 August 2014	959,037	11,669	16,393	192,255	1,179,354
NET BOOK VALUE					
At 31 August 2014	17,102,400	10,431	24,195	58,049	17,195,075
At 31 August 2013	17,413,591	8,660	27,886	87,739	17,537,876

Included in land and buildings is freehold land at a valuation of £2,501,908 which is not depreciated.

15. DEBTORS

	2014 £	2013 £
Trade debtors	12,322	4,010
VAT recoverable	61,160	80,523
Other debtors	371	-
Prepayments and accrued income	114,803	604,197
	<u>188,656</u>	<u>688,730</u>

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FOR THE YEAR ENDED 31 AUGUST 2014

16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Other loans	-	13,728
Trade creditors	1,430	43,463
Other taxation and social security	105,851	110,335
Other creditors	33,377	60,780
Accruals and deferred income	170,404	288,223
	<u>311,062</u>	<u>516,529</u>

DEFERRED INCOME

	£
Deferred income at 1 September 2013	46,966
Resources deferred during the year	55,274
Amounts released from previous years	<u>(46,966)</u>
Deferred income at 31 August 2014	<u>55,274</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	136,629	223,426	(196,761)	-	-	163,294
RESTRICTED FUNDS						
General Annual Grant (GAG)	548,686	7,086,268	(7,026,604)	-	-	608,350
High Needs	-	54,414	(54,414)	-	-	-
Donations	4,415	1,445	(5,860)	-	-	-
Pupil premium	64,925	204,175	(187,719)	-	-	81,381
Devolved formula capital	29,988	29,464	(22,008)	(37,444)	-	-
ACMF	496,996	41,192	(538,188)	-	-	-
Other restricted income	-	51,341	(51,341)	-	-	-
Year 7 catch up grant	-	13,500	(13,500)	-	-	-
Teacher pay grant	-	25,171	(25,171)	-	-	-
Pension reserve	(1,847,000)	-	(71,000)	-	(215,000)	(2,133,000)
	(701,990)	7,506,970	(7,995,805)	(37,444)	(215,000)	(1,443,269)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	17,152,337	-	(314,103)	-	-	16,838,234
Fixed assets purchased from GAG and other restricted funds	118,032	-	(47,382)	37,444	-	108,094
DfE/EFA Capital grants	267,507	-	(18,760)	-	-	248,747
	17,537,876	-	(380,245)	37,444	-	17,195,075
Total restricted funds	16,835,886	7,506,970	(8,376,050)	-	(215,000)	15,751,806
Total of funds	16,972,515	7,730,396	(8,572,811)	-	(215,000)	15,915,100

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

RESTRICTED FUNDS

The General Annual Grant represents funding received from the Education Funding Agency (EFA) during the period in order to fund the continuing activities of the Academy.

High Needs funding is received from the Local Authority to cater for pupils with learning difficulties and other disabilities.

CHURCHILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. STATEMENT OF FUNDS (continued)

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

Devolved formula capital represents unspent funds received from the DfE/EFA.

ACMF funding represents income from the EFA from the Academies Capital Maintenance Fund.

Other restricted funds represent amounts received from North Somerset Council and other sources and includes income from AST and Graduate Teacher Training.

Year 7 catch up grant represents funding from the EFA to aid pupil progress.

Teacher pay grant represents funding from the Local Authority for the purposes of teacher pay.

The pension reserve represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from North Somerset Council on conversion to an Academy.

Fixed assets purchased from GAG and unrestricted funds represent amounts spent on fixed assets from the GAG funding received from the EFA.

DfE/EFA Capital grants include Demographic Growth Capital and devolved capital funding which have been spent on capital items.

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	136,629	223,426	(196,761)	-	-	163,294
Restricted funds	(701,990)	7,506,970	(7,995,805)	(37,444)	(215,000)	(1,443,269)
Restricted fixed asset funds	17,537,876	-	(380,245)	37,444	-	17,195,075
	<u>16,972,515</u>	<u>7,730,396</u>	<u>(8,572,811)</u>	<u>-</u>	<u>(215,000)</u>	<u>15,915,100</u>

CHURCHILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	17,195,075	17,195,075	17,537,876
Current assets	211,650	952,437	-	1,164,087	1,798,168
Creditors due within one year	(48,356)	(262,706)	-	(311,062)	(516,529)
Pension scheme liability	-	(2,133,000)	-	(2,133,000)	(1,847,000)
	<u>163,294</u>	<u>(1,443,269)</u>	<u>17,195,075</u>	<u>15,915,100</u>	<u>16,972,515</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net (outgoing)/incoming resources	(842,415)	117,022
Returns on investments and servicing of finance	(1,022)	(1,530)
Depreciation of tangible fixed assets	380,245	393,248
Decrease/(increase) in debtors	500,074	(581,320)
(Decrease)/increase in creditors	(191,739)	203,981
Defined benefit pension scheme adjustments	71,000	75,000
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	<u>(83,857)</u>	<u>206,401</u>

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

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,686	2,513
Interest paid	(664)	(983)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>1,022</u>	<u>1,530</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>(37,444)</u>	<u>(131,876)</u>
FINANCING		
Repayment of loans	<u>(13,728)</u>	<u>(13,729)</u>

CHURCHILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand	1,109,438	(134,007)	-	975,431
DEBT:				
Debts due within one year	(13,728)	13,728	-	-
NET FUNDS	1,095,710	(120,279)	-	975,431

22. MEMBERS' LIABILITY

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

23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bath and North East Somerset Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

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23. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £304,000, of which employer's contributions totalled £229,000 and employees' contributions totalled £75,000. The agreed contribution rates for future years are 13% for employers and 5.5% to 7.5% for employees.

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

The Academy'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 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	7.00	981,000	7.00	1,067,000
Bonds	3.34	343,000	3.90	323,000
Property	6.20	135,000	5.70	117,000
Cash	0.50	59,000	0.50	30,000
Other	7.00	262,000	7.00	117,000
Total market value of assets		1,780,000		1,654,000
Present value of scheme liabilities		(3,913,000)		(3,501,000)
Deficit in the scheme		(2,133,000)		(1,847,000)

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(3,913,000)	(3,501,000)
Fair value of scheme assets	1,780,000	1,654,000
Net liability	(2,133,000)	(1,847,000)

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

	2014 £	2013 £
Current service cost	(241,000)	(227,000)
Interest on obligation	(164,000)	(140,000)
Expected return on scheme assets	105,000	75,000
Total	(300,000)	(292,000)

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23. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	3,501,000	3,149,000
Current service cost	241,000	227,000
Interest cost	164,000	140,000
Contributions by scheme participants	75,000	72,000
Actuarial gains	(27,000)	-
Benefits paid	(41,000)	(87,000)
Closing defined benefit obligation	<u>3,913,000</u>	<u>3,501,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,654,000	1,250,000
Expected return on assets	105,000	75,000
Actuarial gains and (losses)	(242,000)	127,000
Contributions by employer	229,000	217,000
Contributions by employees	75,000	72,000
Benefits paid	(41,000)	(87,000)
	<u>1,780,000</u>	<u>1,654,000</u>

The cumulative amount of actuarial losses recognised in the Statement of Financial Activities was £281,000 (2013: £66,000).

The Academy expects to contribute £251,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014	2013
Equities	55.10 %	64.50 %
Bonds	19.30 %	19.50 %
Property	7.60 %	7.10 %
Cash	3.30 %	1.80 %
Other	14.70 %	7.10 %

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.50 %
Expected return on scheme assets at 31 August	5.66 %	5.89 %
Rate of increase in salaries	3.70 %	3.90 %
Rate of increase for pensions in payment / inflation	2.20 %	2.40 %
Inflation assumption (CPI)	2.20 %	2.40 %

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23. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	23.3 years	22.9 years
Females	25.8 years	25.9 years
Retiring in 20 years		
Males	25.7 years	25.2 years
Females	28.7 years	28.2 years

Experience adjustments for the current period are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(3,913,000)	(3,501,000)	(3,149,000)
Scheme assets	1,780,000	1,654,000	1,250,000
Deficit	(2,133,000)	(1,847,000)	(1,899,000)
Experience adjustments on scheme liabilities	27,000	-	(166,000)
Experience adjustments on scheme assets	(242,000)	127,000	(27,000)

24. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
EXPIRY DATE:		
Within 1 year	-	1,243
Between 2 and 5 years	33,515	40,960

25. RELATED PARTY TRANSACTIONS

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

No such transactions have occurred during the period.