

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 AUGUST 2012

WEDNESDAY



A104PWXS

A39

19/12/2012

#1

COMPANIES HOUSE

Company Registration Number: 07718539 (England and Wales)

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

Contents	Page
Reference and Administrative Details	2
Governors' Report	3 - 7
Governance Statement	8 - 10
Statement on Regularity, Propriety and Compliance	11
Statement of Governors' Responsibilities	12
Independent Auditor's Reports	13 - 14
Statement of Financial Activities incorporating Income & Expenditure Account	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	18 - 20
Other Notes to the Financial Statements	21 - 35

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)

Stephen Matthews
Shirley Williams
Richard Griffiths*
Barry Thompson
Simon Gillibrand*
Alastair Campbell*
Judith Dawkins
Bethan Mergatroyd
Glyn Jones

Headteacher and Accounting Officer
Chairman
Vice Chairman
Staff Governor

* members of the Finance and General Purpose Committee

Senior Management Team:

Stephen Matthews
Rachel Lovell

Headteacher
Director of Finance and Administration

Principal and Registered Office

Stretton Sugwas Academy
Stretton Sugwas
Hereford
Herefordshire
HR2 0HP

Company Registration Number

07718539 (England and Wales)

Independent Auditor

Mr K Tong FCCA, ACA
Thorne Widgery
33 Bridge Street
Hereford
HR4 9DQ

Bankers

Lloyds Bank
6-8 High Town
Hereford
Herefordshire
HR1 2AE

Solicitors

Coodes Solicitors
Elizabeth House
Castle Street
Truro
Cornwall
TR1 3AP

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNORS' REPORT

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

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 26th July 2011 and converted from a Local Authority School to an Academy Trust on the 1st April 2012.

The governors act as the trustees for the charitable activities of Stretton Sugwas Church Of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Stretton Sugwas Church Of England Academy

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust

The liability insurance is provided by Zurich, providing cover up to £5,000,000 on any one claim.

Principal Activities

This is defined in the Articles of Association:

The Academy Trust's object ("the object") is specifically restricted to the following to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum ("the Academy") conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNORS' REPORT (Continued)

Method of Recruitment and Appointment or Election of Governors

This is defined in the Articles of Association.

The number of Governors shall not be less than three nor more than 11 except for appointments of any Additional Governors made by the Secretary of State.

The members may appoint up to 2 Governors.

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

One Foundation Governor shall be The Principal Officiating Minister for the time being in the Parish of Stretton Sugwas, to be treated as an ex officio Foundation Governor. Additional Foundation Governors may be appointed by the Hereford Diocesan Board of Education after consultation with Stretton Sugwas Parochial Church Council provided that the total number of Foundation Governors (including ex officio Foundation Governors) would not thereby exceed 25% of the total number of Governors

The Headteacher shall be treated for all purposes as being an ex officio governor.

Parent Governors shall be elected by parents of registered pupils at the School. A Parent Governor must be a parent of a pupil at the School at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot.

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy has a Governor Recruitment and Induction policy.

The training and induction provided for new governors includes a tour of the Academy and a chance to meet staff and pupils. The Governor Support Team at the Local Authority provides external training including financial matters. They provide regular updates on practice, legislation and guidance. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors

Organisational Structure

The Academy has a leadership structure which consists of the governors and The Senior Leadership Team and Curriculum Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

The governors 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 Senior Management Team are the Headteacher, and the Finance Director. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Principal must countersign

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNORS' REPORT (Continued)

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The governors have implemented a system of assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

Connected Organisations, including Related Party Relationships

The Academy has been connected to the Diocese of Hereford during the period.

Objectives and Activities

Objects and Aims

We value our Church of England status and aim to provide all pupils with a broad and balanced curriculum, with a strong Social Moral Spiritual Ethos, and a particular emphasis on a creative curriculum which the Academy conversion has given us the scope to provide. We are proud of the high standards of education that we provide to our children and the outstanding quality of our talented and committed teaching staff. We aspire to build on these sound foundations, to become an exceptional school that enjoys an outstanding reputation within the local community.

Objectives, Strategies and Activities

The Governors of the school have been responsible for recruiting a number of talented new members of staff to enhance our already exceptional team and to give us the further capacity to develop or highly innovative and creative curriculum. We are currently working closely with our IT provider to develop state of the art IT provision which will greatly enhance our children's education. All of which has been possible due to our new Academy Status.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

Achievements and Performance

The attainment of our pupils has been increasing over the last four years and the value added gains in English put us in the top 4% bracket nationally. Overall our School's exceptional academic achievements mean that our school is rated in the top 8th percentile. Above all the quality of our provision and the effective school ethos mean that our children enjoy their education at Stretton Sugwas Academy.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNORS' REPORT (Continued)

Key Financial Performance Indicators

These are covered throughout the Governors' Report

Financial Review

The majority of the Academy's income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfES during the period ended 31 August 2012 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 DfES 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 useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2012, total expenditure of £175,545 was covered by recurrent grant funding from the DfES together with other incoming (including a substantial carry forward figure from the predecessor school of £56,637). The net resources expended before transfers and revaluations for the period was £609,170.

At 31 August 2012, the net book value of fixed assets was £603,237 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 pupils of the Academy.

Financial and Risk Management Objectives and Policies

The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Principal Risks and Uncertainties

The Governors consider that the principal risks and uncertainties facing the Academy are:

- Meeting requisite standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum
- Financial risk - not operating within its budget and running a deficit, changes in funding, 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 inaccurate, out of date or inappropriate information

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNORS' REPORT (Continued)

Reserves Policy

The governors 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 Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £2,107, all of which is free reserves. The level of general restricted reserves is £73,675.

Investment Policy

Any surplus cash is invested in a High Interest Account to make the most of the money, but so that it is still readily available.

Plans for Future Periods

Due to our overwhelming popularity and success, we are hoping to extend the school in order to increase the number of pupils on roll in the near future.

Auditors

Insofar as the governors are aware.

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Governing Body on 27 November 2012 and signed on its behalf by



Shirley Williams
Chairman

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Stretton Sugwas Church Of England 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 Governing Body has delegated the day-to-day responsibility to the Principal 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 Stretton Sugwas Church Of England Academy 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 3 (three) times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor		Meetings Attended	Out of a possible
Shirley Williams	Chairman	3	3
Richard Griffiths	Vice Chairman	3	3
Barry Thompson	Staff Governor	3	3
Stephen Matthews	Headteacher and Accounting Officer	3	3
Glyn Jones		2	3
Simon Gillibrand		2	3
Alastair Campbell		3	3
Judith Dawkins		2	3
Bethan Mergatroyd		1	1

The **Finance and General Purposes Committee** is a sub-committee of the main Governing Body. Its purpose is to monitor and oversee the financial procedures of the Academy. Attendance at meetings in the year was as follows.

Governor		Meetings Attended	Out of a possible
Richard Griffiths		2	2
Simon Gillibrand		1	2
Alastair Campbell		1	2

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

GOVERNANCE STATEMENT (Continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Stretton Sugwas Church Of England Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr John Swift of Hoople Ltd, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

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

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

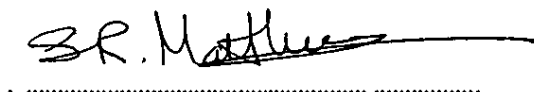
GOVERNANCE STATEMENT (Continued)

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

Approved by order of the members of the Governing Body on 27 November 2012 and signed on its behalf by



Shirley Williams
Chairman



Stephen Matthews
Accounting Officer

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Signed:

A handwritten signature in black ink, appearing to read 'S.R. Matthews', with a long horizontal stroke extending to the right.

Stephen Matthews
Accounting Officer

27 November 2012

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities of Stretton Sugwas Church Of England Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the governors to prepare financial statements for each financial 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

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

Approved by order of the Members of the Governing Body on 27 November 2012 and signed on its behalf by.

A handwritten signature in black ink, appearing to read 'Shirley Williams', followed by a series of dots indicating a signature line.

Shirley Williams
Chairman

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

We have audited the financial statements of Stretton Sugwas Church of England Academy for the period ended 31 August 2012 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual 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:

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

Mr K M Tong FCCA, ACA (Senior Statutory Auditor)
For and on behalf of Thorne Widgery, Statutory Auditor
33 Bridge Street, Hereford

27 November 2012

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF STRETTON
SUGWAS CHURCH OF ENGLAND ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the period 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Governing Body and the EFA. Our review work has been undertaken so that we might state to the Governing Body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Governing Body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 2012 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 April 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mr K M Tong FCCA, ACA (Senior Statutory Auditor)
For and on behalf of Thorne Widgery, Statutory Auditor
33 Bridge Street, Hereford

27 November 2012

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2012
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)**

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Pension Reserve	Restricted Fixed Asset Funds	Total 2012
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	-	83,338	-	607,159	690,497
Activities for generating funds	4	2,077	-	-	-	2,077
Investment income	5	30	-	-	-	30
Incoming resources from charitable activities:						
Funding for the Academy's Educational operations	6	-	209,451	-	-	209,451
Total incoming resources		2,107	292,789	-	607,159	902,055
RESOURCES EXPENDED						
Cost of generating funds:						
Costs of generating voluntary income		-	-	-	-	-
Fundraising trading		-	-	-	-	-
Charitable activities:						
Academy's educational operations		-	209,875	70,000	3,771	283,646
Governance costs		-	9,239	-	-	9,239
Total resources expended	7	-	219,114	70,000	3,771	292,885
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		2,107	73,675	(70,000)	603,388	609,170
Gross transfers between funds	17	-	-	-	-	-
NET INCOME/(EXPENDITURE) FOR THE YEAR		2,107	73,675	(70,000)	603,388	609,170
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (losses) gains on defined benefit pension schemes	17, 27	-	-	(8,000)	-	(8,000)
NET MOVEMENT IN FUNDS		2,107	73,675	(78,000)	603,388	601,170
RECONCILIATION OF FUNDS						
Funds brought forward		-	-	-	-	-
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2012	17	2,107	73,675	(78,000)	603,388	601,170

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

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

BALANCE SHEET AS AT 31 AUGUST 2012

Company Registration No 07718539

	Notes	2012 £	2012 £
FIXED ASSETS			
Tangible assets	13		603,237
CURRENT ASSETS			
Stock	14	763	
Debtors	15	15,676	
Cash at bank and in hand		<u>103,511</u>	
		119,950	
LIABILITIES			
CREDITORS: Amounts falling due within one year	16	<u>(44,017)</u>	
NET CURRENT ASSETS			75,933
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>679,170</u>
NET ASSETS EXCLUDING PENSION LIABILITY			
Pension scheme liability	27		(78,000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>601,170</u>
FUNDS OF THE ACADEMY:			
RESTRICTED FUNDS			
Fixed asset fund(s)	17		603,388
General fund(s)	17		73,675
Pension reserve	17		<u>(78,000)</u>
TOTAL RESTRICTED FUNDS			599,063
UNRESTRICTED FUNDS	17		2,107
TOTAL FUNDS			<u>601,170</u>

The financial statements on pages 15 to 35 were approved by the governors and authorised for issue on 27 November 2012 and are signed on their behalf by:



Shirley Williams
Chairman

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	46,693
CASH TRANSFERRED ON CONVERSION		56,637
Returns on investments and servicing of finance	22	30
Capital expenditure	23	151
(DECREASE)/INCREASE IN CASH IN THE YEAR	24	<u>103,511</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
NET FUNDS AT 31 AUGUST 2012		<u>103,511</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

Grants receivable

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

Donations

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

Other income

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

Donated Services and Gifts in Kind

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

Resources Expended

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

Costs of generating funds

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012 (Continued)

1. Statement of Accounting Policies (continued)

Charitable activities

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

Governance Costs

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

Leasehold buildings	2%	per annum
Furniture, fittings and equipment	15%- 20%	per annum
ICT equipment	33 $\frac{1}{3}$ %	per annum
Motor Vehicles	20%	per annum

Assets in the course of construction are included at cost. Depreciation of 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.

Leased Assets

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

Stock

Any unsold uniforms stocks at the year end are valued at the lower of cost or net realisable value.

Taxation

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

(Continued)

1. Statement of Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, 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.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education funding Agency.

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from the Stretton Sugwas Church of England School to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Stretton Sugwas Church of England Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

2. GENERAL ANNUAL GRANT (GAG)	2012
	£
Results and Carry Forward for the Year	
GAG allocation for current year	<u>168,399</u>
Total GAG available to spend	<u>168,399</u>
Recurrent expenditure from GAG	(175,545)
Fixed assets purchased from GAG	<u>-</u>
GAG carried forward to next year	<u>(7,146)</u>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(20,208)</u>
GAG to surrender to DfE	<u>(27,354)</u>
(12% rule breached if result is positive)	No breach

3. VOLUNTARY INCOME	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Capital Grants	-	5,159	5,159
School Trips etc	-	8,986	8,986
Transfer on conversion	-	658,637	658,637
Other Donations			
- Other grants and payments	-	-	-
- Grants and donations	-	6,779	6,779
- Contributions from other organisations	<u>-</u>	<u>10,936</u>	<u>10,936</u>
	<u>-</u>	<u>690,497</u>	<u>690,497</u>

4. ACTIVITIES FOR GENERATING FUNDS	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Hire of Facilities	-	-	-
Room and building hire	-	-	-
Hire of transport	-	-	-
Income from other Schools	-	-	-
Other	2,077	-	2,077
Catering Income	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,077</u>	<u>-</u>	<u>2,077</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

5. INVESTMENT INCOME	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Short term deposits	<u>30</u>	<u>-</u>	<u>30</u>
	<u><u>30</u></u>	<u><u>-</u></u>	<u><u>30</u></u>
 6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	 Unrestricted Funds £	 Restricted Funds £	 Total 2012 £
DfE/YPLA Revenue Grants			
General Annual Grant (GAG) Note 2	-	168,399	168,399
Other DfE/YPLA Grants	<u>-</u>	<u>41,052</u>	<u>41,052</u>
	<u><u>-</u></u>	<u><u>209,451</u></u>	<u><u>209,451</u></u>
 Other Government Grants			
School Standards Funds	-	-	-
Special Educational Projects	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 Total	<u><u>-</u></u>	<u><u>209,451</u></u>	<u><u>209,451</u></u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

7. RESOURCES EXPENDED

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2012 £
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	-	-	-	-
Academy's educational operations				
Direct costs	141,739	3,333	20,160	165,232
Allocated support costs	<u>20,400</u>	<u>11,214</u>	<u>86,800</u>	<u>118,414</u>
	<u>162,139</u>	<u>14,547</u>	<u>106,960</u>	<u>283,646</u>
Governance costs including allocated support costs	-	-	9,239	9,239
	<u>162,139</u>	<u>14,547</u>	<u>116,199</u>	<u>292,885</u>
INCOMING/OUTGOING RESOURCES FOR THE YEAR INCLUDE:				2012 £
Operating leases				405
Fees payable to auditor:				
- Audit				5,195
- Other services				-
Profit/(loss) on disposal of fixed assets				<u>-</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DIRECT COSTS			
Teaching and educational support staff costs	-	141,739	141,739
Depreciation	-	3,333	3,333
Educational supplies	-	15,364	15,364
Examination fees	-	-	-
Staff development	-	516	516
Educational consultancy	-	4,280	4,280
Finance cost - Defined Benefit Pension Scheme	-	-	-
Other direct costs	-	-	-
	<u>-</u>	<u>165,232</u>	<u>165,232</u>

ALLOCATED SUPPORT COSTS

Support staff costs	-	20,400	20,400
Depreciation	-	438	438
Recruitment and support	-	572	572
Maintenance of premises and equipment	-	5,974	5,974
Administrative supplies	-	7,328	7,328
Cleaning	-	1,445	1,445
Rent and rates	-	946	946
Insurance	-	2,850	2,850
Security and transport	-	-	-
Catering	-	137	137
Bank interest and charges	-	-	-
Professional services	-	7,256	7,256
Transfers on conversion - Pension	-	70,000	70,000
Other support costs	-	1,068	1,068
	<u>-</u>	<u>118,414</u>	<u>118,414</u>

9. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	4,044	4,044
Auditors' remuneration	-	-	-
Audit of financial statements	-	5,195	5,195
Accountancy, taxation and other services	-	-	-
Governors' development	-	-	-
	<u>-</u>	<u>9,239</u>	<u>9,239</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

10. STAFF COSTS **2012**
£

Staff costs during the period were:

Wages and salaries	104,329
Social security costs	31,576
Pension costs	<u>25,772</u>
	<u>161,677</u>
 Supply teacher costs	 462
Compensation payments	<u>-</u>
	<u>162,139</u>

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

	2012 No.
CHARITABLE ACTIVITIES	
Teachers	4
Administration and support	2
Management	<u>5</u>
	<u>11</u>

The number of employees whose emoluments fell within the following bands (on a pro-rata basis) was.

	2012 No.
£60,001 - £70,000	1

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for this member of staff amounted to £3,237.

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

(Continued)

11. GOVERNORS' REMUNERATION AND EXPENSES

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration received during the period, was as follows:

Headteacher	£28,440 (including employer's national insurance and pension contributions)
-------------	-----------------------------------------------------------------------------

Other staff Governors (who are also trustees):	£Nil
------------------------------------------------	------

During the period ended 31 August 2012, travel and subsistence expenses totalling £Nil were reimbursed to the governors.

Other related party transactions involving the trustees are set out in note 28.

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was £530.

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

13. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
On conversion	600,000	2,000	-	602,000
Additions	-	5,008	-	5,008
Disposals	-	-	-	-
At 31 August 2012	600,000	7,008	-	607,008
Depreciation				
Charged in year	(3,333)	(438)	-	(3,771)
Disposals	-	-	-	-
At 31 August 2012	(3,333)	(438)	-	(3,771)
Net Book Values				
At 31 August 2012	596,667	6,570	-	603,237

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

14. STOCK	2012
	£
Clothing	763
Catering	-
	<u>763</u>
 15. DEBTORS	 2012
	£
Trade debtors	-
Other debtors and prepayments	15,018
VAT	<u>658</u>
	<u>15,676</u>
 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 2012
	£
Trade creditors	9,999
Other Taxation and Social Security	6,295
Other creditors and accruals	<u>27,723</u>
	<u>44,017</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012 (Continued)

17. FUNDS

	Incoming Resources	Resources Expended	Gains, Losses And Transfers	Balance at 31 August 2012
	£	£	£	£
RESTRICTED GENERAL FUNDS				
General Annual Grant (GAG)	168,399	(175,545)	-	(7,146)
Other DfE/YPLA Grants	41,052	(41,052)	-	-
Other restricted	83,338	(2,517)	-	80,821
	<u>292,789</u>	<u>(219,114)</u>	<u>-</u>	<u>73,675</u>
RESTRICTED PENSION FUND				
Pension reserve	-	(70,000)	(8,000)	(78,000)
	<u>-</u>	<u>(70,000)</u>	<u>(8,000)</u>	<u>(78,000)</u>
RESTRICTED FIXED ASSET FUNDS				
DfE/YPLA capital gains	5,159	-	-	5,159
Capital expenditure from GAG	-	-	-	-
Conversion and depreciation	602,000	(3,771)	-	598,229
	<u>607,159</u>	<u>(3,771)</u>	<u>-</u>	<u>603,388</u>
TOTAL RESTRICTED FUNDS				
Unrestricted Funds	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>2,107</u>
TOTAL FUNDS	<u>902,055</u>	<u>(292,885)</u>	<u>(8,000)</u>	<u>601,170</u>

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

- General Annual Grant (GAG): must be used for the normal running costs of the Academy. Currently the Academy is allowed to carry forward up to 12% of the current GAG.
- Other DfE/EFA Grants are utilised for the purposes intended by the donor.
- Other Restricted General Funds: include payments made towards Academy trips.
- The Pension Fund is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2012 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Pension Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£	£
Tangible Fixed Assets	-	-	-	603,237	603,237
Net Current Assets	2,107	73,675	-	151	75,933
Pension Scheme Liability	-	-	(78,000)	-	(78,000)
TOTAL NET ASSETS	2,107	73,675	(78,000)	603,388	601,170

19. CAPITAL COMMITMENTS

2012
£

Contracted for, but not provided in the financial statements

NIL

20. FINANCIAL COMMITMENTS

Operating Leases

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

2012
£

LAND AND BUILDINGS

Expiring within one year
Expiring within two and five years inclusive
Expiring in over five years

-
-
-
-

OTHER

Expiring within one year
Expiring within two and five years inclusive
Expiring in over five years

-
-
-
-

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

21. RECONCILIATION OF NET INCOME TO NET INFLOW FROM OPERATING ACTIVITIES	2012
	£
Net income	609,170
Depreciation (Note 13)	3,771
Capital Grants from DfE and other capital income	(5,159)
Interest receivable (Note 5)	(30)
Assets transferred on conversion	(588,637)
FRS 17 Pension cost less contributions payable (Note 27)	-
FRS 17 Pension finance income (Note 27)	-
(Increase)/decrease in stocks	(763)
(Increase)/decrease in debtors	(15,676)
Increase/(decrease) in creditors	<u>44,017</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>46,693</u>

22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	<u>30</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	<u>30</u>

23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(5,008)
Capital grants from DfE/YPLA	5,159
Capital funding received from sponsors and others	-
Receipts from sale of tangible fixed assets	<u>-</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>151</u>

24. ANALYSIS OF CHANGES IN NET FUNDS	At	Cash	At
	1 April	flows	31 August
	2012		2012
	£	£	£
Cash in hand and at bank	<u>-</u>	<u>103,511</u>	<u>103,511</u>
	<u>-</u>	<u>103,511</u>	<u>103,511</u>

25. CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of

26. 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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012 (Continued)

27. PENSION AND SIMILAR OBLIGATIONS

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

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

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

TEACHERS' PENSION SCHEME

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

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

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

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

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

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

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012 (Continued)

27. PENSION AND SIMILAR OBLIGATIONS

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

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 period ended 31 August 2012 was £7,207, of which employer's contributions totalled £5,510 and employees' contributions totalled £1,697. The agreed contribution rates for future years are 18.10% for employers and 5.5% to 7.5% for employees.

PRINCIPAL ACTUARIAL ASSUMPTIONS

	At 31 August 2012
Rate of increase in salaries	3.9%
Rate of increase for pensions in payment/inflation	2.4%
Discount rate for scheme liabilities	4.7%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	

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

	At 31 August 2012
Retiring today	
Males	22.4
Females	24.9
Retiring in 20 years	
Males	24.2
Females	26.9

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

27. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME (CONTINUED)

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

	Expected Return at 31 August 2012	Fair value at 31 August 2012 £
Equities	7.0%	7
Bonds - Government	2.5%	-
Bonds - Other	3.4%	-
Property	6.0%	-
Cash/liquidity	50.0%	-
Other	7.0%	-
TOTAL MARKET VALUE OF ASSETS		7
Present value of scheme liabilities - Funded		(85)
SURPLUS/(DEFICIT) IN THE SCHEME		(78)

The actual return on scheme assets was Nil.

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES

	2012 £'000
Current service cost (net of employee contributions)	5
Past service cost	-
TOTAL OPERATING CHARGE	5
ANALYSIS OF PENSION FINANCE INCOME/(COSTS)	
Expected return on pension scheme assets	-
Interest on pension liabilities	1
PENSION FINANCE INCOME/(COSTS)	1

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012
(Continued)

27. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME (CONTINUED)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £8,000 loss.

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS WERE AS FOLLOWS: **2012**
£'000

AT 1 APRIL 2012	70
Current service cost	5
Past service cost	-
Interest cost	1
Employee contributions	2
Actuarial (gain)/loss	7
Curtailments and settlements	-
Benefits paid	-
AT 31 AUGUST 2012	<u>85</u>

MOVEMENTS IN THE FAIR VALUE OF ACADEMY'S SHARE OF SCHEME ASSETS **2012**
£'000

AT 1 APRIL 2012	-
Expected return on assets	-
Actuarial gain/(loss)	(1)
Employer contributions	6
Employee contributions	2
Assets distributed on settlements	-
Transfer in of new members	-
Benefits paid	-
AT 31 AUGUST 2012	<u>7</u>

The estimated value of employer contributions for the period ended 31 August 2012 is £5,510.

THE FIVE-YEAR HISTORY OF EXPERIENCE ADJUSTMENTS IS AS FOLLOWS: **2012**
£'000

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	(85)
Fair value of share of scheme assets	<u>7</u>
Surplus/(Deficit) in the scheme	<u>(78)</u>
Experience adjustments on share of scheme assets	<u>8</u>
Experience adjustments on scheme liabilities	<u>-</u>

STRETTON SUGWAS CHURCH OF ENGLAND ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012 (Continued)

28. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year that require disclosure

29. CONVERSION TO ACADEMY TRUST

On 1 April 2012 the Stretton Sugwas Church of England School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Stretton Sugwas Church of England Academy from the Hereford and Worcester Local Authority for £nil consideration

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

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

	Unrestricted Funds	Restricted General Funds	Restricted Pension Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£	£
Incoming resources					
Leasehold land and buildings	-	-	-	600,000	600,000
Other tangible fixed assets	-	-	-	2,000	2,000
Surplus funds	-	56,637	-	-	56,637
	-	56,637	-	602,000	658,637
Resources expended					
LGPS Pension liability	-	-	(70,000)	-	(70,000)
Net assets	-	56,637	(70,000)	602,000	588,637

The above net assets include £56,637 that was transferred as cash

Leasehold land and buildings were transferred at estimated value. Other tangible fixed assets include furniture and fittings transferred at fair values