

Report of the Governors and
Financial Statements for the Year Ended
31 August 2014
for
Stretton Sugwas Church of England
Academy

Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Contents of the Financial Statements
for the Year Ended 31 August 2014

	Page
Reference and Administrative Details	1 to 2
Report of the Governors	3 to 7
Governance Statement	8 to 10
Statement on Regularity, Propriety and Compliance	11
Statement of Governors Responsibilities	12
Report of the Independent Auditors	13 to 14
Independent Accountant's Report on Regularity	15 to 16
Statement of Financial Activities	17 to 18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Cash Flow Statement	21
Notes to the Financial Statements	22 to 38

Stretton Sugwas Church of England
Academy

Reference and Administrative Details
for the Year Ended 31 August 2014

MEMBERS

GOVERNORS

R G Griffiths (Vice Chair) *
S R Williams (Chairman)
D A Davies (Head Teacher) (appointed 1.9.13)
Revd P A Littlewood (appointed 1.9.13)
G Jones
S Gillibrand *
A Campbell *
T Geeson
Padre A Earl
J Dawkins

* members of the finance and premises committee

SENIOR MANAGEMENT TEAM

D A Davies	Headteacher
	Director of Finance and
R Lovell	Administration

REGISTERED OFFICE

Stretton Sugwas C of E Academy
Stretton Sugwas
Hereford
HR4 7AE

REGISTERED COMPANY NUMBER

07718539 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr Kevin M Tong FCCA, ACA

AUDITORS

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Stretton Sugwas Church of England
Academy

Reference and Administrative Details
for the Year Ended 31 August 2014

SOLICITORS

Coodes Solicitors
Elizabeth House
Castle Street
Truro
Cornwall
TR1 3AP

BANKERS

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

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

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.

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 balance 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Governors 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 and 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.

Connected Organisations, including Related Party Relationships

Stretton Sugwas C of E Academy has a connection with the Diocese of Hereford.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

OBJECTIVES AND ACTIVITIES

Objectives and aims

We value our C of E 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 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.

ACHIEVEMENT AND PERFORMANCE

Achievements and Performance

Pupils join the school with skills below national expectation. By the end of Key Stage 2 pupils achieve above national expectations. Pupils make outstanding progress whilst at the school. Attainment, progress and value added is at least good to outstanding. The small number of pupils in each cohort means that it is very difficult to draw significant conclusions from the statistical analysis of data.

Attainment

The attainment for Key Stage 2 has continued to increase in Reading, writing and grammar, where the children have made excellent progress from their Key Stage 1 results. The maths has maintained high standards where 12.5% of the children achieved a level 6 which is 5% above national standards. The children in Key Stage 1 progress from the Early Years Foundation Stage at a very good rate and achieve well. Above all the quality of our provision and the effective school ethos mean that our children enjoy their education at Stretton Sugwas Church of England Academy.

ACHIEVEMENT AND PERFORMANCE

Going concern

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

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

Key financial performance indicators

These are covered throughout the Governors' Report.

FINANCIAL REVIEW

The majority of the Academy's income is obtained from the DfE 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 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 year ended 31 August 2014, total expenditure of £449,751 (2013: £447,210) was covered by recurrent grant funding from the DfES together with other incoming resources. The net resources expended before transfers and revaluations for the year was £169,756 (2013: £83,549).

At 31 August 2014, the net book value of fixed assets was £890,735 (2013: £607,447) 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

PRINCIPAL RISKS AND UNCERTAINTIES

- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

RESERVES POLICY

The governors 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 £1,610 (2013: £4,143), all of which is free reserves.

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 were able to extend the school during the summer term 2014. The school population has already grown by 6% to 122 pupils with the capacity to now take 140 children. Future plans are to steadily continue to grow in pupil numbers.

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 board of governors on 11 November 2014 and signed on its behalf by:



S R Williams - Chairman

Stretton Sugwas Church of England
Academy

Governance Statement
for the Year Ended 31 August 2014

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 of loss.

The board of the governors 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 board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
S R Williams (Chairman)	4	4
R G Griffiths (Vice Chair)	4	4
D A Davies (Head Teacher) (appointed 1.9.13)	4	4
G Jones	-	4
S Gillibrand	3	4
A Campbell	4	4
T Geeson	3	4
Padre A Earl	3	4
J Dawkins	4	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

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 C of E Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Governance Statement
for the Year Ended 31 August 2014

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 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 governors.

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 C of E Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. 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 Alastair Campbell, 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
for the Year Ended 31 August 2014

Approved by order of the members of the board of trustees on 11 November 2014 and signed on its behalf
by:



S R Williams - Chairman



Alex Davies - Accounting Officer

Stretton Sugwas Church of England
Academy

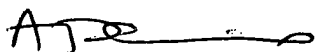
Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2014

As accounting officer of Stretton Sugwas Church of England Academy I have considered my responsibility to notify the charitable company board of governors 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 charitable company 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 charitable company board of governors are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company'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 governors and EFA.

I would like to refer to the related and connected party transactions highlighted in note 22 in the attached accounts.



Alex Davies - Accounting Officer

11 November 2014

Statement of Governors Responsibilities
for the Year Ended 31 August 2014

The governors (who act as trustees 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 Report of the Governors and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

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.

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 board of governors on 11 November 2014 and signed on it's behalf by:



S R Williams - Chairman

Report of the Independent Auditors to the Members of
Stretton Sugwas Church of England
Academy

We have audited the financial statements of Stretton Sugwas Church of England 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 Accounts Direction 2013 to 2014 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of governors and auditors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. As explained more fully in the Governor's responsibilities statement, 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements 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 charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

In our opinion the financial statements:

Report of the Independent Auditors to the Members of
Stretton Sugwas Church of England
Academy

- give a true and fair view of the state of the academy trust'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 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 Report of the Governors 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; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.



Mr Kevin M Tong FCCA, ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

11 November 2014

Independent Reporting Accountant's Assurance Report on Regularity to
Stretton Sugwas Church of England
Academy and the Education Funding Agency

In accordance with the terms of our engagement 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 Stretton Sugwas Church of England Academy during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Stretton Sugwas Church of England Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stretton Sugwas Church of England Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stretton Sugwas Church of England Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stretton Sugwas Church of England Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stretton Sugwas Church of England Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

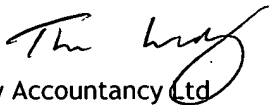
This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 22 in the attached accounts.

Independent Reporting Accountant's Assurance Report on Regularity to
Stretton Sugwas Church of England
Academy and the Education Funding Agency

Conclusion

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



Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

11 November 2014

Stretton Sugwas Church of England
Academy

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2014

				31.8.14	31.8.13
		Unrestricted fund	Restricted Fixed Asset Fund	Restricted General Fund	Total funds
	Notes	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	3	-	270,589	34,305	304,894
Activities for generating funds	4	1,740	-	2,200	3,940
Investment income	5	341	-	-	341
Incoming resources from charitable activities					
Academy's educational operations	6	-	12,850	559,701	572,551
Total incoming resources		2,081	283,439	596,206	881,726
RESOURCES EXPENDED					
Charitable activities					
Academy's educational operations		4,614	19,323	482,367	506,304
Governance costs	9	-	-	6,852	6,852
Total resources expended	7	4,614	19,323	489,219	513,156
NET INCOMING RESOURCES		(2,533)	264,116	106,987	368,570
Gross transfers between funds	19	-	17,653	(17,653)	-
Net incoming resources before other recognised gains and losses		(2,533)	281,769	89,334	368,570
Other recognised gains/losses					
Actuarial gains/losses on defined benefit schemes		-	-	(35,000)	(35,000)
Net movement in funds		(2,533)	281,769	54,334	73,014

The notes form part of these financial statements

Stretton Sugwas Church of England
Academy

Statement of Financial Activities - continued
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2014

				31.8.14	31.8.13
	Not es	Unrestricted fund	Restricted Fixed Asset Fund	Restricted General Fund	Total funds
		£	£	£	£
RECONCILIATION OF FUNDS					
Total funds brought forward		4,143	594,853	75,188	674,184
TOTAL FUNDS CARRIED FORWARD		<u>1,610</u>	<u>876,622</u>	<u>129,522</u>	<u>1,007,754</u>
					<u>674,184</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

Stretton Sugwas Church of England
Academy (Registered number: 07718539)

Balance Sheet
At 31 August 2014

	Notes	31.8.14 £	31.8.13 £
FIXED ASSETS			
Tangible assets	13	890,735	607,447
CURRENT ASSETS			
Stocks		1,368	1,160
Debtors	14	184,344	16,204
Cash at bank and in hand		<u>155,452</u>	<u>140,493</u>
		341,164	157,857
CREDITORS			
Amounts falling due within one year	15	<u>(104,145)</u>	<u>(11,120)</u>
NET CURRENT ASSETS		<u>237,019</u>	<u>146,737</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,127,754	754,184
PENSION LIABILITY	20	<u>(120,000)</u>	<u>(80,000)</u>
NET ASSETS		<u><u>1,007,754</u></u>	<u><u>674,184</u></u>
FUNDS	19		
Unrestricted funds		1,610	4,143
Restricted funds		<u>1,006,144</u>	<u>670,041</u>
TOTAL FUNDS		<u><u>1,007,754</u></u>	<u><u>674,184</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Governors on 11 November 2014 and were signed on its behalf by:



S R Williams -Chairman

Stretton Sugwas Church of England
Academy

Cash Flow Statement
for the Year Ended 31 August 2014

	Notes	31.8.14 £	31.8.13 £
Net cash inflow from operating activities	1	33,436	31,839
Returns on investments and servicing of finance	2	341	235
Capital expenditure and financial investment	2	(18,818)	4,908
Increase in cash in the period		<u>14,959</u>	<u>36,982</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		<u>14,959</u>	<u>36,982</u>
Change in net debt resulting from cash flows		<u>14,959</u>	<u>36,982</u>
Movement in net debt in the period		14,959	36,982
Net debt at 1 September		<u>140,493</u>	<u>-</u>
Net debt at 31 August		<u>155,452</u>	<u>36,982</u>

Notes to the Cash Flow Statement
for the Year Ended 31 August 2014

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.8.14 £	31.8.13 £
Net incoming resources	368,570	71,014
Depreciation charges	17,603	13,443
Capital grants from DfE/EFA	(282,074)	(22,561)
Interest received	(341)	(235)
Increase in stocks	(208)	(397)
Increase in debtors	(168,140)	(528)
Increase/(decrease) in creditors	93,026	(32,897)
Difference between pension charge and cash contributions	5,000	4,000
Net cash inflow from operating activities	<u>33,436</u>	<u>31,839</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.8.14 £	31.8.13 £
Returns on investments and servicing of finance		
Interest received	<u>341</u>	<u>235</u>
Net cash inflow for returns on investments and servicing of finance	<u>341</u>	<u>235</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(300,892)	(17,653)
Capital grants from DfE/EFA	<u>282,074</u>	<u>22,561</u>
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(18,818)</u>	<u>4,908</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.13 £	Cash flow £	At 31.8.14 £
Net cash:			
Cash at bank and in hand	<u>140,493</u>	<u>14,959</u>	<u>155,452</u>
Total	<u>140,493</u>	<u>14,959</u>	<u>155,452</u>

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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 expected 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.

1. ACCOUNTING POLICIES - continued

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities 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.

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

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 2% on cost
Fixtures and fittings	- 15 to 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33.3% on cost

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.

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 of 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.

Stocks

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

1. ACCOUNTING POLICIES - continued

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.

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.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the Academy Trust are provided by the Teacher's 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 20, 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 or 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.

2. GENERAL ANNUAL GRANT

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.

3. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Other grants and payments	-	7,230	7,230	6,798
Capital Grants	-	269,224	269,224	22,561
School trips etc	-	15,720	15,720	9,668
Contributions from other	-	12,720	12,720	13,293
	<u>-</u>	<u>304,894</u>	<u>304,894</u>	<u>52,320</u>

Grants received, included in the above, are as follows:

	31.8.14 £	31.8.13 £
Capital Grant	269,224	-
Other grants	-	22,561
	<u>269,224</u>	<u>22,561</u>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Room and building hire	-	-	-	179
Income from other schools	-	1,600	1,600	-
Other	1,740	600	2,340	1,622
	<u>1,740</u>	<u>2,200</u>	<u>3,940</u>	<u>1,801</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Short term deposits	<u>341</u>	<u>-</u>	<u>341</u>	<u>235</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	490,565	490,565	449,152
Other DfE/EFA Grants	-	69,136	69,136	49,812
	-	559,701	559,701	498,964
DfE/EFA capital grant				
Capital Grant	-	12,850	12,850	-
	-	572,551	572,551	498,964

7. RESOURCES EXPENDED

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.14 Total £	31.8.13 Total £
Charitable activities					
Academies educational operations					
Direct costs	305,648	8,297	78,397	392,342	359,912
Allocated support costs	59,342	21,157	33,463	113,962	114,889
	364,990	29,454	111,860	506,304	474,801
Governance costs including allocated support costs	-	-	6,852	6,852	7,505
	364,990	29,454	118,712	513,156	482,306

Net resources are stated after charging/(crediting):

	31.8.14 £	31.8.13 £
Auditors' remuneration	5,621	5,620
Depreciation - owned assets	17,604	13,443
Operating leases	771	2,302
Auditors' other services	-	1,200

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Direct costs - academy's educational operations				
Teaching and educational support staff	-	305,648	305,648	302,709
Depreciation	-	8,297	8,297	8,000
Educational supplies	-	58,661	58,661	40,985
Staff development	-	9,282	9,282	3,765
Educational consultancy	-	5,454	5,454	453
Other direct costs	-	5,000	5,000	4,000
	-	392,342	392,342	359,912
Allocated support costs - academy's educational operations				
Support staff costs	-	59,342	59,342	55,466
Depreciation	-	9,306	9,306	5,443
Administrative supplies	4,614	4,267	8,881	6,976
Recruitment and support	-	1,102	1,102	1,573
Maintenance of premises and equipment	-	3,368	3,368	7,304
Cleaning	-	980	980	2,210
Rent and rates	-	3,116	3,116	2,316
Energy costs	-	7,076	7,076	3,650
Insurance	-	6,617	6,617	5,532
Catering	-	2,475	2,475	723
Other support costs	-	11,699	11,699	23,696
	4,614	109,348	113,962	114,889
	4,614	501,690	506,304	474,801

9. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	31.8.14 Total funds £	31.8.13 Total funds £
Auditors' remuneration	-	5,621	5,621	5,620
Auditors' remuneration for non-audit work	-	-	-	1,200
Legal and professional fees	-	1,231	1,231	610
Governors' development	-	-	-	75
	-	6,852	6,852	7,505

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

10. GOVERNORS' REMUNERATION AND BENEFITS

There were no governors' remuneration or other benefits for the year ended 31 August 2014 nor for the year ended 31 August 2013.

The 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 was as follows:

S Matthews (Headteacher until 31.08.13)	£Nil	(2013: £65,000-£70,000)
A Davies (Headteacher from 01.09.13)	£55,000-£60,000	(2013: £Nil)
B Thompson (Staff governor)	£45,000-£50,000	(2013: £40,000-£45,000)

The salary for B Thompson is pro rated to show his total salary, had he been employed for the whole period.

Governors' expenses

There were no governors' expenses paid for the year ended 31 August 2014 nor for the year ended 31 August 2013.

During the period ended 31 August 2014, travel and subsistence expenses totalling £Nil (2013: £Nil) were reimbursed to the governors.

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

11. STAFF COSTS

	31.8.14	31.8.13
	£	£
Wages and salaries	302,346	298,523
Social security costs	14,287	17,462
Other pension costs	<u>40,722</u>	<u>38,218</u>
	357,355	354,203
Supply teacher costs	1,168	3,972
Compensation payments	<u>6,467</u>	<u>-</u>
	<u>364,990</u>	<u>358,175</u>

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

	31.8.14	31.8.13
Teachers	4	4
Administration and support	5	5
Management	<u>2</u>	<u>2</u>
	<u>11</u>	<u>11</u>

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

	31.8.14	31.8.13
£60,001 - £70,000	<u>-</u>	<u>1</u>

Included in staff costs are non statutory/non-contractual severance payments totalling £6,467 (2013: £Nil).

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 2014 was £583 (2013: £500).

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

Stretton Sugwas Church of England
Academy

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2013	600,000	7,008	-	17,653	624,661
Additions	<u>286,292</u>	<u>-</u>	<u>12,850</u>	<u>1,750</u>	<u>300,892</u>
At 31 August 2014	<u>886,292</u>	<u>7,008</u>	<u>12,850</u>	<u>19,403</u>	<u>925,553</u>
DEPRECIATION					
At 1 September 2013	11,333	1,423	-	4,458	17,214
Charge for year	<u>8,297</u>	<u>1,051</u>	<u>2,302</u>	<u>5,954</u>	<u>17,604</u>
At 31 August 2014	<u>19,630</u>	<u>2,474</u>	<u>2,302</u>	<u>10,412</u>	<u>34,818</u>
NET BOOK VALUE					
At 31 August 2014	<u>866,662</u>	<u>4,534</u>	<u>10,548</u>	<u>8,991</u>	<u>890,735</u>
At 31 August 2013	<u>588,667</u>	<u>5,585</u>	<u>-</u>	<u>13,195</u>	<u>607,447</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14 £	31.8.13 £
Trade debtors	7,243	2,213
Other debtors	-	1,170
VAT	42,071	2,416
Prepayments and accrued income	<u>135,030</u>	<u>10,405</u>
	<u>184,344</u>	<u>16,204</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14	31.8.13
	£	£
Social security and other taxes	8,545	10,214
Accruals and deferred income	16,667	-
Accrued expenses	<u>78,933</u>	<u>906</u>
	<u>104,145</u>	<u>11,120</u>
Deferred Income at 1 September 2013		£ Nil
Resources deferred in the year		16,667
Amounts released from previous years		<u>Nil</u>
Deferred Income at 31 August 2014		<u>16,667</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to Free School meals income received from the EFA, relating to the 14/15 academic year.

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases 31.8.14	31.8.13
	£	£
Expiring:		
Between one and five years	<u>771</u>	<u>771</u>

17. 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.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

			31.8.14	31.8.13
	Unrestricted fund	Restricted Fixed Asset Fund	Restricted General Fund	Total funds
	£	£	£	£
Fixed assets	-	890,735	-	890,735
Current assets	1,610	59,950	279,604	341,164
Current liabilities	-	(74,063)	(30,082)	(104,145)
Pension liability	-	-	(120,000)	(120,000)
	<u>1,610</u>	<u>876,622</u>	<u>129,522</u>	<u>1,007,754</u>
				<u>674,184</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

19. MOVEMENT IN FUNDS

	At 1.9.13 £	Net movement in funds £	Transfers between funds £	At 31.8.14 £
Unrestricted funds				
Unrestricted fund	4,143	(2,533)	-	1,610
Restricted funds				
General Annual Grant	44,609	134,844	(1,956)	177,497
Restricted Pension Fund	(80,000)	(40,000)	-	(120,000)
Other Restricted	110,579	(22,857)	(15,697)	72,025
DfE/YPLA capital grants	10,067	256,779	17,653	284,499
Conversion and depreciation	584,786	(2,857)	-	581,929
Expenditure from GAG	-	10,194	-	10,194
	<u>670,041</u>	<u>336,103</u>	<u>-</u>	<u>1,006,144</u>
TOTAL FUNDS	<u>674,184</u>	<u>333,570</u>	<u>-</u>	<u>1,007,754</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted fund	2,081	(4,614)	-	(2,533)
Restricted funds				
General Annual Grant	490,879	(356,035)	-	134,844
Other Restricted	35,905	(58,762)	-	(22,857)
Other DfE/EFA Grants	69,422	(69,422)	-	-
DfE/YPLA capital grants	269,223	(12,444)	-	256,779
Expenditure from GAG	14,216	(4,022)	-	10,194
Restricted Pension Fund	-	(5,000)	(35,000)	(40,000)
Conversion and depreciation	-	(2,857)	-	(2,857)
	<u>879,645</u>	<u>(508,542)</u>	<u>(35,000)</u>	<u>336,103</u>
TOTAL FUNDS	<u>881,726</u>	<u>(513,156)</u>	<u>(35,000)</u>	<u>333,570</u>

19. MOVEMENT IN FUNDS - continued

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

- General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the GAG that it could carry forward at 31 August 2014.
- 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.

20. 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 Stretton Sugwas Church of England Academy. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £3,033 (2013: £Nil) were payable to the schemes at 31 August 2014 and are included within creditors.

20. PENSION AND SIMILAR OBLIGATIONS - continued

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.

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

20. PENSION AND SIMILAR OBLIGATIONS - continued

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 since April 2012 on a 40:80:100% basis.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £20,306 (2013: £18,925), of which employer's contributions totalled £14,759 (2013: £14,210) and employees' contributions totalled £5,547 (2013: £5,510). The agreed contribution rates for future years are 12.2% per cent for employers and 5.5% - 12.5% 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.

As the scheme is in deficit, the School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a six year period will be the Future Service Rate of 12.2% of payroll plus phased lump sum deficit contributions starting at £5,200 for the year to 31 March 2015, increasing by approximately 4% per annum. The rate payable from 1 April 2017 will be further revised following the next valuation of the Pension Fund on 31 March 2016.

The current estimated recovery period is 18 years.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

20. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Present value of funded obligations	(169,000)	(109,000)
Fair value of plan assets	<u>49,000</u>	<u>29,000</u>
	<u>(120,000)</u>	<u>(80,000)</u>
Deficit	<u>(120,000)</u>	<u>(80,000)</u>
Liability	<u>(120,000)</u>	<u>(80,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Current service cost	17,000	15,000
Interest cost	5,000	4,000
Expected return	(2,000)	(1,000)
Past service cost	-	4,000
	<u>20,000</u>	<u>22,000</u>
Actual return on plan assets	<u>3,000</u>	<u>3,000</u>

Changes in the present value of the defined benefit obligations are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Defined benefit obligation	(109,000)	-
Current service cost	(17,000)	(15,000)
Contributions by scheme participants	(6,000)	(5,000)
Interest cost	(5,000)	(4,000)
Actuarial losses/(gains)	(32,000)	-
Business combinations	-	(85,000)
	<u>(169,000)</u>	<u>(109,000)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

20. PENSION AND SIMILAR OBLIGATIONS - continued
Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.14	31.8.13
	£	£
Fair value of scheme assets	29,000	-
Contributions by employer	15,000	14,000
Contributions by scheme participants	6,000	5,000
Expected return	2,000	1,000
Actuarial gains/(losses)	(3,000)	2,000
Business combinations	-	7,000
	<u>49,000</u>	<u>29,000</u>

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

	Defined benefit pension plans	
	31.8.14	31.8.13
Equities	92.3%	90.2%
Bonds - Other	6.5%	6%
Cash/liquidity	1.2%	3.8%

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

	31.8.14	31.8.13
Discount rate	4%	4.8%
Future salary increases	3.7%	4%
Future pension increases	2.2%	2.5%
Inflation assumption (CPI)	2.2%	2.5%

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

	At31 August2014	At31 August2013
Retiring today		
Males	23.3	22.5
Females	25.7	25.0
Retiring in 20 years		
Males	25.5	24.3
Females	28	26.9

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

20. PENSION AND SIMILAR OBLIGATIONS - continued

Amounts for the current and previous period are as follows:

	31.8.14	31.8.13 as restated
	£	£
Defined benefit pension plans		
Defined benefit obligation	(169,000)	(109,000)
Fair value of scheme assets	49,000	29,000
Deficit	(120,000)	(80,000)

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 £41,000 loss (2013: £6,000 loss).

21. CONTINGENT LIABILITIES

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

22. RELATED PARTY DISCLOSURES

There are no related party transactions during the year ended 31 August 2014 (2013: £Nil) which require disclosure.