

Registered number  
07824714

Crofton Schools Academy Trust (formerly Crofton Junior School)  
(A Company Limited by Guarantee)

Report and Accounts

31 August 2012



**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Report and accounts**  
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**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Reference and Administrative Details of the Academy, its Governors and Advisors**

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**Governors**

Mr D Figg (appointed 1 12 11, Chair of Governors from 1 9 12)  
Mrs D Moss (Chair of Governors until 31 8 12)  
Mrs A Morgan (appointed 26 10 11, terminated 1 9 12, Vice Chair)  
Mr R Sammonds (appointed 1 12 11, Headteacher) \*  
Mr P Goodwin (appointed 26 10 11) \*  
Mr P Reynolds (appointed 26 10 11) \*  
Mrs C Powell (appointed 1 12 11, terminated 1 9 12) \*  
Mrs D Bush (appointed 1 12 11, terminated 9 1 12)  
Mr N Lawrence (appointed 1 12 11) \*  
Mr S Gudgeon (appointed 1 12 11, terminated 24 1 12)  
Miss S King (appointed 1 12 11)  
Miss D Wells (appointed 1 12 11, terminated 1 9 12)  
Mrs E Griffiths (appointed 8 12 11, terminated 1 9 12)  
Mr S Gleeson (appointed 8 12 11)  
Mr T Smythe (appointed 25 2 12)

\* members of the Finance Committee

**Senior management team**

Executive Headteacher	Mr R Sammonds
Head of School	Mr M Bulpitt
Assistant Headteacher	Miss S Branwood
Assistant Headteacher	Miss G Baron
Assistant Headteacher	Miss H Kirby
Assistant Headteacher	Miss S King
Assistant Headteacher	Mrs L Richards
Business manager	Mrs L Buddin

**Auditors**

UHY Kent LLP  
t/a UHY Hacker Young  
Thames House  
Roman Square  
Sittingbourne  
Kent ME10 4BJ

**Bankers**

Lloyds TSB  
PO Box 1000  
Bromley  
Kent  
BX1 1LT

**Solicitors**

Veale Wasbrough Vizards  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

**Registered office**

Crofton Junior School  
Towncourt Lane  
Orpington  
Kent  
BR5 1EL

**Registered number**

07824714

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

**Registered number:** 07824714

### **Governors' Report**

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These are the accounts of Crofton Junior School before it became Crofton Schools Academy Trust. The Governors present their annual report and auditors' report of the Academy Trust for the period ended 31 August 2012. Crofton Junior School became Crofton Schools Academy Trust on 1 September 2012 when Crofton Infant School converted to Academy status and joined the Trust.

### **Structure, governance and management**

#### **Constitution**

The Academy Trust was incorporated on 26 October 2011 as a company limited by guarantee and an exempt charity. The academy trust's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of Crofton Junior School and are also the directors of the Academy Trust for the purposes of company law.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

Each member of the Academy Trust undertakes to contribute to the assets of the Academy Trust in the event of it being wound up whilst 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**

The Academy maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 12 to the financial statements.

#### **Principal activities**

The Academy Trust took over the operation of Crofton Junior School on the school's conversion to Academy status on 1 December 2011. Since then the Academy Trust's principal object and activity has been to manage the school's provision of education to pupils between the ages of 7 and 11.

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

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### **Governors' Report**

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#### **Method of recruitment and appointment or election of Governors**

Under the terms of its Articles, the Academy Trust shall have the following Governors

- Members may appoint up to six Governors
- Minimum of two Parent Governors to be elected by parents of registered pupils at the Academy
- Up to three Staff Governors
- One LA Governor
- Headteacher acts as ex officio Governor

The members may not appoint any Governors unless the total number of Governors is less than three, in which case the members may make the appropriate appointments, in accordance with the Articles

A Governor's term of office is four years (excluding the Headteacher) but a Governor is eligible for re-election at the meeting at which they retire

Appropriate training is provided to all new Governors, as required

The Governors who were in office at 31 August 2012 and served throughout the period, except where shown, are listed on page 1

#### **Policies and procedures adopted for the induction and training of Governors**

During the year under review the Full Governing Body met two times and there were ten committee meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. 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. As there are normally only two or three new Governors a year, induction tends to be tailored specifically to the individual. The school buys into the Bromley Governors training package and all new Governors are expected to take the induction course offered and the safeguarding course.

#### **Organisation structure**

The organisational structure consists of three levels: the Directors/Governors, The Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

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### **Governors' Report**

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The Senior Leadership Team comprises the Executive Headteacher, Head of School and five Assistant Headteachers, together with the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for teaching posts always contains a Governor.

The Middle Management Team includes Curriculum Area Leaders and Lead Practitioners. Along with the Senior Management Team these managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

#### **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 of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying 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 (see below) 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 following statement.

#### **Connected organisations, including related parties**

There is a Parent-Teacher Association, Crofton Junior School PTA, also established as a separately registered charity, registration number 1052857, which organises various fundraising events to provide facilities for the pupils of Crofton Junior School.

### **Objectives and Activities**

#### **Objects and aims**

The principal object of the academy trust is the operation of Crofton Junior School to provide education for pupils between the ages of 7 and 11.

#### **Objectives, strategies and activities**

The main objectives of the Academy Trust during the period ended 31 August 2012 are summarised below.

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

**Registered number:** 07824714

### **Governors' Report**

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The Academy Trust's main strategy is encompassed in its school vision which is to provide exciting and challenging educational opportunities for all children. To this end its aims include

- To help pupils acquire knowledge and skills with understanding at a level appropriate to each pupil's age, aptitude and ability
- To help pupils become balanced and independent young people, who are able to keep themselves safe and have respect for themselves and for others
- To help pupils develop lively, enquiring minds, the ability to question and argue rationally and to apply themselves to tasks and physical skills

#### **Public benefit**

Crofton Junior School strives to promote and support the advancement of education within the Orpington area. The school provides an extensive programme of educational and recreational activity designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport.

Wherever possible the school also aims to contribute to the benefit of the wider public, through the provision of incidental educational and other planned activities. Over the period the contributions that benefit the local community included the following:

- providing Year 10 work placements as working volunteers,
- extensive involvement and support for school sporting activities including regular fixtures in the local primary school football league and taking part in the Crystal Palace cross country,
- running a charity week in June where the children organise fund raising activities and choose a charity to support - charities supported include Great Ormond Street and a local hospital baby unit,
- the school is made available for use by the local Maypole Queen dance practice each year and let to various local community groups
- the school participates in many local community events such as local schools concert and the choir sing at the switching on of Christmas lights in surrounding town centres

#### **Achievements and performance**

The Governors were very pleased with the main academic achievement in the period, which can be summarised as follows:

- Improve end of Key Stage results in maths, reading and writing
- Good progress in all year groups in maths, reading and writing
- Good progress made by vulnerable learners in the core curriculum

#### **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.

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

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### **Governors' Report**

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#### **Financial key performance indicators**

The Governors consider that the following are key performance indicators for the Academy

- Percentage of income received from EFA spent on teaching staff (68%),
- Percentage of income received from EFA spent on total staff costs (89%),
- Income per pupil (£2,845)

The Governors have been pleased that expectations for all key performance indicators listed have been successfully met during the period

#### **Financial review**

During the period the Academy Trust inherited the assets and liabilities in hand on 1 December 2011, the date of conversion to academy status. A net donation of £6,399,607 is included within income in the Statement of Financial Activities, in accordance with the EFA Accounts Direction. Fixed assets inherited are included in the Restricted Fixed Asset Fund, all other assets and liabilities, excluding the opening Local Government Pension Scheme position, are shown as a net donation into unrestricted funds. The opening Local Government Pension Scheme liability is included within Restricted Funds income as a negative donation in accordance with the EFA Accounts Direction.

Most of the Academy's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2012, total expenditure of £2,036,555 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the opening Local Government Pension Scheme deficit) was £133,769.

At 31 August 2012, the net book value of fixed assets was £6,702,647 and movements in tangible fixed assets are shown in note 13 to the financial statements. During the period 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 Academy trust uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy trust's operations.

**Liquidity risk** - the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so as to maximise interest income.

**Interest rate risk** - the trust earns interest on cash deposits and with interest rates currently low, the directors will take appropriate action to ensure they maximise the income from these deposits.



## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

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### **Governors' Report**

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Credit risk is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

#### **Principal risks and uncertainties**

The main risks that the Academy is exposed to is summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans.

*Strategic and Reputational* - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for Academy service. Competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students.

*Finance risk* - The risk of the Academy not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. There are also in connection with the deficit on the Local Government Pension Scheme, although the Governors are comfortable with the current level of employer contributions the Academy is required to pay.

#### **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 the reserves. The Governors have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

#### **Financial position**

The Academy held fund balances at 31 August 2012 of £6,577,416.

These funds comprise restricted fixed asset funds of £6,702,647, other restricted funds of £61,555 and unrestricted funds of £78,214. There is also a pension reserve deficit of £265,000.

The only fund in deficit at 31 August 2012 is the Local Government Pension Scheme reserve. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy have been fixed for the three years from 1 April 2011.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Academy Trust because of recognising the deficit.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**

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**Governors' Report**

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**Plans for future periods**

The Governors' main plans for future periods are

- When funds are available to invest in further IT equipment to enhance pupils learning
- To refurbish some learning areas to provide an enabling curriculum and environment

**Disclosure of information to auditors**


In so far as the Governors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the Governors have taken all the steps 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

**Auditors**

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting

This report was approved by the Governing Body on 11/12/12 and signed on its behalf by



Mr D Figg  
Chair of Governors

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

**Registered number:** 07824714

### **Governance Statement**

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#### **Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility to Mr R Sammonds, 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 Crofton Junior School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' responsibilities. The governing body has formally met two times during the period. Attendance during the period at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr D Figg (Chair of Governors from 1 9 12)	2	2
Mrs D Moss (Chair of Governors until 31 8 12)	2	2
Mr P Goodwin	2	2
Mr P Reynolds	2	2
Mrs A Morgan	2	2
Mrs C Powell	2	2
Mrs D Bush (appointed and terminated)	0	2
Mr N Lawrence	1	2
Mr S Gudgeon (appointed and terminated)	0	2
Mr R Sammonds (Headteacher)	2	2
Miss S King	2	2
Miss D Wells	2	2
Mrs E Griffiths	1	2
Mr S Gleeson	2	2
Mr T Smythe	2	2

## Crofton Schools Academy Trust (formerly Crofton Junior School)

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### Governance Statement

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The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to monitor budgets and advise on setting of budgets. Attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
Mrs D Moss (Chair of Governors until 31 8 12)	0	2
Mr P Goodwin	2	2
Mr P Reynolds	2	2
Mrs C Powell	2	2
Mr N Lawrence	2	2
Mr R Sammonds (Headteacher)	2	2
Mr S Gudgeon (appointed and terminated)	0	2

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Crofton Junior School 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 ongoing 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.

#### 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.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**

**Registered number:**

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**Governance Statement**

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The Governing Body has considered the need for a specific internal audit function and has decided to appoint the London Borough of Bromley 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 termly 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.

During the period ended 31 August 2012 the RO function has been fully delivered in line with the requirements of the Education Funding Agency.

**Review of effectiveness**

As Accounting Officer Mr R Sammonds has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

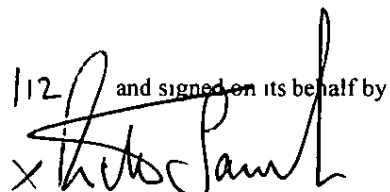
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

This report was approved by the Governing Body on 4/11/12 and signed on its behalf by

X

Mr D Figg  
Chair of Governors

  
Mr R Sammonds  
Accounting Officer

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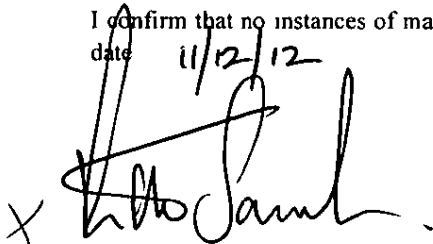
**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Crofton Junior School 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. 11/12/12

X 

Mr R Sammonds  
Accounting Officer

## Crofton Schools Academy Trust (formerly Crofton Junior School)

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### Statement of Governors' Responsibilities

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The Governors (who act as trustees for the charitable activities of Crofton Junior School and are also the directors of the Academy Trust 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 the Annual Accounts Direction 2011/12 issued by the Education

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 Academy Trust 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 judgements and estimates that are reasonable and prudent,
- state whether applicable 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 academy trust will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 academy trust 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 academy trust 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/YPLA 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 academy trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 11/12/12 and signed on its behalf by

x 

Mr D Figg  
Chair of Governors

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Independent auditors' report**  
**to the members of Crofton Schools Academy Trust (formerly Crofton Junior School)**

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We have audited the accounts of Crofton Junior School 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 Academies 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust'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 on page 9 the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 accounts. 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 the accounts**

In our opinion the accounts

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

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' report for the financial period for which the accounts are prepared is consistent with the accounts.



**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Independent auditors' report**  
**to the members of Crofton Schools Academy Trust (formerly Crofton Junior School)**

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**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
- the accounts 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

UHY Kent LLP

Elizabeth Jordan FCA  
(Senior Statutory Auditor)  
for and on behalf of  
UHY Kent LLP  
Chartered Accountants and Statutory Auditors

Thames House  
Roman Square  
Sittingbourne  
Kent ME10 4BJ

18th December 2012

## **Crofton Schools Academy Trust (formerly Crofton Junior School)**

### **Independent Reporting Accountant's Assurance Report on Regularity to Crofton Schools Academy Trust (formerly Crofton Junior School) and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 21 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofton Junior School during the period ended 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 Crofton Junior School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Crofton Junior School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Crofton Junior School and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Crofton Junior School's funding agreement with the Secretary of State for Education dated 1 December 2011 and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**

**Independent Reporting Accountant's Assurance Report on Regularity to  
Crofton Schools Academy Trust (formerly Crofton Junior School) and the Education  
Funding Agency**

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

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

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

Our work has included the following:

- an assessment of the risk of material irregularity, impropriety and non-compliance relating to the academy's activities,
- reviewing the Financial Management and Governance Evaluation completed by the academy during the period,
- a review and assessment of internal controls, systems and policies in place at the academy,
- holding discussions with the Accounting Officer to determine how he has been able to make his declaration with regard to regularity and impropriety,
- substantive testing and analytical review procedures, as deemed necessary and as part of our standard external audit engagement and which can also be relied upon for this report on regularity, and
- requesting and receiving confirmation from the EFA that there is no information that they are aware of that may impact upon the planning and subsequent delivery of the regularity assurance engagement.

**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 ended 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.

UHY Kent LLP

Elizabeth Jordan FCA  
for and on behalf of  
UHY Kent LLP  
Chartered Accountants

Thames House  
Roman Square  
Sittingbourne  
Kent ME10 4BJ

18th December 2012

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**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**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 Fixed Asset Funds £	Total 2012 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
- Voluntary income	3	3,415	-	-	3,415
- Funds inherited on conversion	3	46,311	(181,000)	6,534,296	6,399,607
- Activities for generating funds	4	158,828	-	-	158,828
Investment income	5	211	-	-	211
<i>Incoming resources from charitable activities</i>					
- Funding for the Academy's educational operations	6	-	1,908,493	221,417	2,129,910
<b>Total incoming resources</b>		<u>208,765</u>	<u>1,727,493</u>	<u>6,755,713</u>	<u>8,691,971</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
- Costs of activities for generating funds	7	130,551	-	-	130,551
<i>Charitable activities</i>					
- Academy's educational operations	8	-	1,799,874	81,162	1,881,036
Governance costs	9	-	24,968	-	24,968
<b>Total resources expended</b>		<u>130,551</u>	<u>1,824,842</u>	<u>81,162</u>	<u>2,036,555</u>
<b>Net incoming(outgoing) resources before transfers</b>		<u>78,214</u>	<u>(97,349)</u>	<u>6,674,551</u>	<u>6,655,416</u>
Gross transfers between funds	16		(28,096)	28,096	-
<b>Net incoming(outgoing) resources before other recognised gains and losses</b>		<u>78,214</u>	<u>(125,445)</u>	<u>6,702,647</u>	<u>6,655,416</u>
Actuarial losses on defined benefit pension schemes	23	-	(78,000)	-	(78,000)
<b>Net movement in funds</b>		<u>78,214</u>	<u>(203,445)</u>	<u>6,702,647</u>	<u>6,577,416</u>
Funds carried forward at 31 August 2012		<u>78,214</u>	<u>(203,445)</u>	<u>6,702,647</u>	<u>6,577,416</u>

All of the academy trust's activities derive from acquisitions in the current financial period

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**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Balance Sheet as at 31 August 2012**

	Notes	2012 £
<b>Fixed assets</b>		
Tangible assets	13	6,702,647
<b>Current assets</b>		
Debtors	14	227,679
Cash at bank and in hand		<u>95,290</u>
		322,969
<b>Creditors, amounts falling due within one year</b>	15	(183,200)
<b>Net current assets</b>		<u>139,769</u>
<b>Net assets excluding pension liability</b>		6,842,416
<b>Provisions for liabilities</b>		
Pension scheme liability	23	(265,000)
<b>Net assets including pension scheme liability</b>		<u><u>6,577,416</u></u>
<b>Funds of the academy</b>		
<i>Restricted funds</i>		
- Fixed asset fund	16	6,702,647
- General Annual Grant fund	16	60,889
- Pension reserve	16	(265,000)
- Other restricted funds	16	666
<b>Total restricted funds</b>		<u>6,499,202</u>
<i>Unrestricted funds</i>		
- General fund		78,214
- School trips		-
<b>Total unrestricted funds</b>		<u>78,214</u>
<b>Total funds</b>	16	<u><u>6,577,416</u></u>

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

11/12/12

Mr D Figg  
Chair of Governors

REF: 5111

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Cash Flow Statement**  
**for the period from 1 December 2011 to 31 August 2012**

	Notes	2012 £
<b>Reconciliation of operating profit to net cash outflow from operating activities</b>		
Net income		6,655,416
Depreciation	13	81,162
Cash transferred on conversion to an academy trust		(52,533)
Capital grants and other capital income		(6,755,713)
Interest receivable	5	(211)
FRS 17 pension finance income		6,000
Increase in debtors		(227,679)
Increase in creditors		183,200
Inherited pension scheme deficit		181,000
<b>Net cash inflow from operating activities</b>		<b>70,642</b>

**CASH FLOW STATEMENT**

<b>Net cash inflow from operating activities</b>		<b>70,642</b>
<b>Returns on investments and servicing of finance</b>	20	<b>211</b>
<b>Capital expenditure</b>	20	<b>(28,096)</b>
<b>Cash transferred on conversion to an academy trust</b>	27	<b>52,533</b>
<b>Increase in cash</b>		<b>95,290</b>

**Reconciliation of net cash flow to movement in net debt**

<b>Increase in cash in the period</b>		<b>95,290</b>
<b>Change in net funds</b>	21	<b>95,290</b>
<b>Net funds at 1 December</b>		<b>-</b>
<b>Net funds at 31 August</b>		<b>95,290</b>

All of the cash flows are derived from acquisitions in the current financial period

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**1 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 (other than in respect of the disclosure of remuneration received by Staff Governors under employment contracts - see note 11 for details) A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

**Conversion to academy status**

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 Crofton Junior School to the 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 the academy trust The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income 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 27

**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:**

**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

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**1 Accounting policies - continued**

**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
- **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

**Tangible fixed assets and depreciation**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	2%
Furniture and equipment	20%
Computer equipment and software	33.33%

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.



**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**1 Accounting policies - continued**

**Leasing commitments**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

**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.

**Pension 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 23, 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 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.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

<b>2 General Annual Grant (GAG)</b>	<b>2012</b>
	<b>£</b>
<b>Results and carry forward for the period</b>	
GAG allocation for current period	1,787,380
<b>Total GAG available to spend</b>	<b>1,787,380</b>
Recurrent expenditure from GAG	(1,698,395)
Fixed assets purchased from GAG	(28,096)
<b>GAG carried forward to next year</b>	<b>60,889</b>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(214,486)
<b>GAG to surrender to DfES</b>	
(12% rule breached if result is positive)	(153,597)
	no breach

**3 Voluntary income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets inherited on conversion	-	6,534,296	6,534,296
LGPS deficit on conversion	-	(181,000)	(181,000)
Transfer of other assets on conversion	46,311	-	46,311
<b>Total assets inherited on conversion</b>	<b>46,311</b>	<b>6,353,296</b>	<b>6,399,607</b>
Other donations	3,415	-	3,415
	<b>49,726</b>	<b>6,353,296</b>	<b>6,403,022</b>

**4 Activities for generating funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
School trips income	62,039	-	62,039
Hire of facilities	5,217	-	5,217
Other income	91,572	-	91,572
	<b>158,828</b>	<b>-</b>	<b>158,828</b>

**5 Investment income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Short term deposits	211	-	211
	<b>211</b>	<b>-</b>	<b>211</b>

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

**6 Funding for the academy's educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>
<b>DfE/EFA capital grant</b>			
Devolved capital grant	-	15,905	15,905
Academies Capital Maintenance Fund	-	205,512	205,512
	-	221,417	221,417
<b>DfE/EFA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	1,787,380	1,787,380
Pupil Premium	-	19,221	19,221
	-	1,806,601	1,806,601
<b>Other Government grants</b>			
Other government grants	-	101,892	101,892
	-	101,892	101,892
	-	2,129,910	2,129,910

**7 Resources expended**

	<b>Staff Costs (£)</b>	<b>Non Pay Expenditure Premises (£)</b>	<b>Other Costs (£)</b>	<b>Total 2012 £</b>
Costs of activities for generating funds	68,512	-	62,039	130,551
<b>Academy's educational operations</b>				
- Direct costs	1,322,250	77,104	63,863	1,463,217
- Allocated support costs	207,718	100,496	109,605	417,819
	1,529,968	177,600	173,468	1,881,036
<b>Governance costs including allocated support costs</b>				
	-	-	24,968	24,968
	1,598,480	177,600	260,475	2,036,555

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

**8 Charitable activities - academy's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<i>Direct costs</i>			
Teaching and educational support			
staff costs	-	1,322,250	1,322,250
Depreciation	-	77,104	77,104
Books, apparatus and stationery	-	55,867	55,867
Staff development	-	7,574	7,574
Other direct costs	-	422	422
	-	1,463,217	1,463,217
<i>Allocated support costs</i>			
Support staff costs	-	207,718	207,718
Depreciation	-	4,058	4,058
Maintenance of premises and equipment	-	18,979	18,979
Cleaning	-	9,102	9,102
Rent and rates	-	12,900	12,900
Heat and light	-	32,754	32,754
Insurance	-	22,703	22,703
Security	-	939	939
Technology costs	-	18,270	18,270
Bank interest and charges	-	118	118
Defined benefit pension scheme finance costs	-	6,000	6,000
Catering	-	10,478	10,478
Other support costs	-	73,800	73,800
	-	417,819	417,819
	-	1,881,036	1,881,036

**9 Governance costs**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	17,583	17,583
Auditor's remuneration			
- audit of financial statements	-	7,385	7,385
	-	24,968	24,968

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**10 Staff costs**

Staff costs during the period were	<b>2012</b>
	<b>£</b>
Wages and salaries	1,309,778
Social security costs	94,604
Pension costs	185,123
	<u>1,589,505</u>
Supply teacher costs	8,975
	<u><u>1,598,480</u></u>

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2012 expressed as full time equivalents was as follows

	<b>2012</b>
	<b>Number</b>
Teachers	30
Administration and support	21
Management	7
	<u><u>58</u></u>

The number of employees whose emoluments, on a full year pro rata basis, fell within the following bands was

	<b>2012</b>
	<b>Number</b>
£60,001 - £70,000	1
£90,001 - £100,000	<u><u>1</u></u>

Both of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £16,604

**11 Governors' remuneration**

The Executive 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 from the Academy in respect of their role as Governors. The total value of the remuneration of the Headteacher and Staff Governors under employment contracts in the nine month period was £104,918. Full disclosure of the individual remuneration received by the Headteacher and other Staff Governors has not been disclosed in line with the requirements of the Academies Accounts Direction 2011/2012 and the Charities SORP on the grounds that disclosure of this information may compromise the Academy's ability to attract and retain Staff Governors.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**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 £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £785.

**13 Tangible fixed assets**

	Freehold land & buildings £	Furniture & equipment £	Computer equipment & software £	Total £
<b>Cost/Valuation</b>				
Transfer on conversion	6,455,644	57,746	20,905	6,534,295
Additions	209,721	16,522	23,271	249,514
At 31 August 2012	<u>6,665,365</u>	<u>74,268</u>	<u>44,176</u>	<u>6,783,809</u>
<b>Depreciation</b>				
Charge for the period	53,249	12,715	15,198	81,162
At 31 August 2012	<u>53,249</u>	<u>12,715</u>	<u>15,198</u>	<u>81,162</u>
<b>Net book value</b>				
At 31 August 2012	<u>6,612,116</u>	<u>61,553</u>	<u>28,978</u>	<u>6,702,647</u>

**14 Debtors**

	2012 £
Trade debtors	20,244
Prepayments and accrued income	181,696
Other taxes and social security costs	<u>25,739</u>
	<u>227,679</u>

**15 Creditors: amounts falling due within one year**

	2012 £
Other creditors	<u>183,200</u>

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

**16 Funds**

	Incoming Resources £	Resources Expended £	Gains, losses & transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>				
General Annual Grant (GAG) (note (i))	1,787,380	(1,698,395)	(28,096)	60,889
Other DfE/EFA grants (note (ii))	19,221	(19,200)	-	21
Other government grants (note (iii))	101,892	(101,247)	-	645
Pension Reserve (note (iv))	(181,000)	(6,000)	(78,000)	(265,000)
	<u>1,727,493</u>	<u>(1,824,842)</u>	<u>(106,096)</u>	<u>(203,445)</u>
<b>Restricted fixed asset funds (note (v))</b>				
DfE/EFA capital grants	221,417	(933)	-	220,484
Donated asset fund	6,534,296	(75,365)	-	6,458,931
Capital expenditure from GAG	-	(4,864)	28,096	23,232
	<u>6,755,713</u>	<u>(81,162)</u>	<u>28,096</u>	<u>6,702,647</u>
<b>Total restricted funds</b>	<u>8,483,206</u>	<u>(1,906,004)</u>	<u>(78,000)</u>	<u>6,499,202</u>
<b>Unrestricted funds</b>				
Unrestricted general fund	146,726	(68,512)	-	78,214
School trips	62,039	(62,039)	-	-
<b>Total unrestricted funds</b>	<u>208,765</u>	<u>(130,551)</u>	<u>-</u>	<u>78,214</u>
<b>Total funds</b>	<u>8,691,971</u>	<u>(2,036,555)</u>	<u>(78,000)</u>	<u>6,577,416</u>

**Notes**

(i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

(ii) The other DfE/EFA grants fund is used to track non-GAG grants received from the EFA, the DfE or executive agencies of the DfE, and comprises Pupil Premium grant money and related expenditure.

(iii) The other government grants fund is used to track grants provided by government departments and includes the Individually Assigned Resources funding.

(iv) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the restricted general fund to the restricted fixed asset fund of £28,096 represents the total capital expenditure from the GAG during the period.

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**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
**Notes to the Accounts**  
**for the period from 1 December 2011 to 31 August 2012**

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**17 Analysis of net assets between funds**

Fund balances at 31 August 2012 are represented by

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets	-	-	6,702,647	6,702,647
Current assets	78,214	244,755	-	322,969
Current liabilities	-	(183,200)	-	(183,200)
Pension scheme liability	-	(265,000)	-	(265,000)
	<u>78,214</u>	<u>(203,445)</u>	<u>6,702,647</u>	<u>6,577,416</u>

**18 Other financial commitments**

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

	Land and buildings 2012 £	Other 2012 £	Total 2012 £
Operating leases which expire within one year	-	3,096	3,096

**19 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

**20 Gross cash flows**

	2012 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u>211</u>
<b>Capital expenditure</b>	
Payments to acquire tangible fixed assets	(249,513)
Capital grants from DfE/EFA	<u>221,417</u>
	<u>(28,096)</u>



**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
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**21 Analysis of changes in net funds**

	At 1 Dec 2011	Cash flows	Non-cash changes	At 31 Aug 2012
	£	£	£	£
Cash at bank and in hand	-	95,290	-	95,290
Total	-	95,290	-	95,290

**22 Post balance sheet events**

Crofton Junior School became Crofton Schools Academy Trust on 1 September 2012 when Crofton Infant School converted to academy status and joined the trust

**23 Pensions 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 The London Borough of Bromley Local Authority 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 period

**Teachers' Pension Scheme (TPS)**

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

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**23 Pensions and similar obligations - continued**

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%.

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.

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**23 Pensions and similar obligations - continued**

**Local Government Pension Scheme (LGPS)**

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 £71,000 of which employer's contributions totalled £56,000 and employees' contributions totalled £15,000. The agreed contribution rates for future years are 23.5 per cent for employers and between 6.4 and 8.8 per cent for employees.

As described in note 27, the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period.

The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The major assumptions used by the actuary were

	<b>At 31 August 2012</b>
Rate of increase in salaries	4.1%
Rate of increase in pensions in payment/inflation	1.9%
Discount rate for scheme liabilities	3.9%
Inflation assumption (CPI)	1.9%

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

	<b>At 31 August 2012</b>
<i>Retiring today</i>	
Males	22.2
Females	26.2
<i>Retiring in 20 years</i>	
Males	24.4
Females	28.3

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**23 Pensions and similar obligations - continued**

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis indicates the impact of a small change in either the discount rate of mortality assumptions

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present value of total obligation	525,000	540,000	555,000
- Projected service cost	90,000	93,000	96,000
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
- Present value of total obligation	522,000	540,000	559,000
- Projected service cost	89,000	93,000	97,000

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

	Expected returns at 31 August 2012	Fair value at 31 August 2012 £
Equities	5.8%	220,000
Gilts	2.8%	8,000
Bonds	3.9%	39,000
Cash	0.5%	8,000
<b>Total market value of assets</b>		<b>275,000</b>
<b>Present value of scheme liabilities</b>		<b>(540,000)</b>
<b>Deficit in the scheme</b>		<b>(265,000)</b>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £18,000

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**23 Pensions and similar obligations - continued**

**Amounts recognised in the statement of financial activities**

	<b>2012</b>
	<b>£</b>
Current service cost (net of employee contributions)	56,000
Losses on curtailments and settlements	-
<b>Total operating charge</b>	<b><u>56,000</u></b>

**Analysis of pension finance costs**

Expected return on employer's share of scheme assets	9,000
Interest on pension liabilities	<u>(15,000)</u>
<b>Pension finance costs</b>	<b><u>(6,000)</u></b>

The actuarial gains and losses for the current period are recognised in the statement of financial activities

**Movements in the present value of defined benefit obligations were as follows**

	<b>2012</b>
	<b>£</b>
Opening defined benefit obligation	367,000
Movement in period	
Current service cost	56,000
Interest cost	15,000
Employee contributions	15,000
Actuarial loss	87,000
<b>At 31 August 2012</b>	<b><u>540,000</u></b>

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

	<b>2012</b>
	<b>£</b>
Opening fair value of scheme assets	186,000
Expected return on assets	9,000
Actuarial loss	9,000
Employer contributions	56,000
Employee contributions	15,000
<b>At 31 August 2012</b>	<b><u>275,000</u></b>

The estimated value of employer contributions for the period ended 31 August 2013 is £78,000

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**23 Pensions and similar obligations - continued**

**History of experience adjustments**

	<b>2012</b>
	<b>£</b>
Present value of defined benefit obligations	(540,000)
Fair value of share of scheme assets	275,000
Deficit in the scheme	<u>(265,000)</u>
Experience adjustments on share of scheme assets	
- Amount (£)	<u>9,000</u>
Experience adjustments on scheme liabilities	
- Amount (£)	<u>-</u>

**24 Contingent liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**25 Related parties**

No transactions were undertaken with the Governors, or any businesses in which the Governors have business interests, during the period

**26 Ultimate controlling party**

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the Board of Governors. There is no ultimate controlling party.

**Crofton Schools Academy Trust (formerly Crofton Junior School)**  
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**27 Conversion to an academy trust**

On 1 December 2011 Crofton Junior School converted to academy trust status under the Academies Act 2010, and all of the operations and assets and liabilities were transferred to the academy trust from Bromley Local Authority for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their 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 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 Fund £	Restricted Fixed Asset Fund £	Total £
Tangible fixed assets				
- Freehold land and buildings	-	-	6,455,644	6,455,644
- Other tangible fixed assets	-	-	78,652	78,652
LGPS pension deficit	-	(181,000)	-	(181,000)
Other identified assets and liabilities	46,311	-	-	46,311
Net assets/liabilities	<u>46,311</u>	<u>(181,000)</u>	<u>6,534,296</u>	<u>6,399,607</u>

The above net assets include £52,533 transferred as cash

On conversion to academy status the Academy Trust inherited the freehold interest in the school land and buildings from the Local Authority. The land and buildings were brought in at a valuation of £6,455,644, the value used being the valuation as at 31 August 2012 provided by a qualified surveyor, commissioned by the EFA for the purposes of the Whole of Government Accounts Return. The Governors are of the opinion that this value is not materially different to the value at the date of conversion.

Other tangible fixed assets donated on conversion are shown within furniture, plant and equipment and computer equipment and software, and have been included at a total value of £78,652 based on the Governors estimate of their gross value to the Academy Trust.

The LGPS pension deficit has been included using the opening deficit on a FRS 17 basis, as calculated by an appropriately qualified actuary.