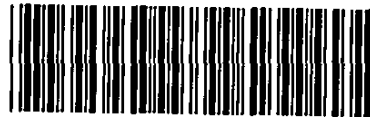


**APPLECROFT SCHOOL**

**GOVERNORS REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

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**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

<b>Governors</b>	Ms C Forbes-Bonnett, Chair <sup>1</sup> Ms M Woodliffe, Vice Chair <sup>1</sup> Ms V Parsey, Headteacher <sup>1</sup> Mr B Judge, Community Governor <sup>1</sup> Rev. J Gray, Community Governor (resigned 21 March 2013) Ms M O'Donovan, Community Governor (resigned 4 September 2013) Mr J Fennell, Community Governor (appointed 13 March 2013) Ms R Barden, Parent Governor <sup>1</sup> Mr G Thomson, Parent Governor (resigned 16 October 2012) Mr D Parker, Parent Governor (appointed 13 March 2013) <sup>1</sup> Mr M Jolly, Parent Governor (appointed 13 March 2013) Ms S Boulton, Staff Governor Mr N Gallacher, Staff Governor (appointed 16 January 2013)
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<sup>1</sup> Member of the Finance Committee

<b>Company registered number</b>	07917745
<b>Principal and registered office</b>	Applecroft Road Welwyn Garden City Hertfordshire AL8 6JZ
<b>Company secretary</b>	Ms Sharon Draycott
<b>Headteacher</b>	Ms Vicky Parsey
<b>Independent auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

The Governors present their annual report together with the financial statements and auditors' report for the year ended 31 August 2013. The Governors confirm that the annual report and financial statements comply with the current statutory requirements, the requirements of the company's governing document, the EFA accounts guidance and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The School is a Charitable Company limited by guarantee and was set up by a Memorandum of Association on 20 January 2012.

**STRUCTURE, GOVERNANCE AND CONSTITUTION**

**Constitution**

Applecroft School (the "Charitable Company" or the "Academy") is a company limited by guarantee and a charity. The Charitable Company's memorandum and articles of association are its primary governing documents.

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

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 Charitable Company undertakes to contribute to its assets 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 are covered by indemnity insurance purchased at the Academy'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. Such indemnity will not apply to 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, nor will such indemnity 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.

**Principal activities**

To advance for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The school provides education for pupils of different abilities. The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated. The Academy is constituted as a 3-11 years school for the year to 31 August 2013.

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

- Parent Governors are appointed by election of parents of students attending the academy
- Staff Governors are appointed by election of staff employed by the academy
- Community Governors may be appointed by the governing body
- Members' Governors may be appointed directly by members
- The Principal automatically becomes an ex officio Governor
- Further Governors may be appointed by the Secretary of State

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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

As there are normally only a handful (one or two) of new Governors appointed in a year and as the backgrounds of individual Governors differs hugely - induction tends to be informal and is tailored to the needs of the individual. Where necessary, training will be provided on 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.

The Chair and Vice Chair of Governors will typically meet with new Governors to discuss broadly the governance obligations and commitments required of a new governor.

Training for all new Governors is offered by Herts County Council. All new Governors are encouraged to attend new governor induction training.

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

The full Governing Body delegates certain of its functions to the Finance Committee, Premises Committee and HR Committee. Some meetings are also attended by members of the Academy's Senior Leadership Team (SLT). All major decisions relating to the Annual Budget will be presented to the Full Governing Body and fully ratified at this level.

The Headteacher is an ex officio governor and member of the trust, and is the accounting officer. The Headteacher directly line manages the members of the SLT, which comprises of two Assistant Headteachers. As a group, the SLT are responsible for the day to day operation of the Academy - in particular the curriculum strategy, organising the teaching staff, facilities and students.

**Risk management**

The Academy has a formal risk register in place which is consistent with the document format outlined in the previous finance handbook. It is aware of the primary risks facing the day to day school operation.

**Connected organisations, including related party relationships**

Applecroft is involved in several active partnerships with a host of schools and agencies. The school is a designated NLE/NSS which means they actively support designated schools that require intensive support. This is usually within Hertfordshire Authority.

The Academy has a partnership (Handside Schools' Partnership) with a local Secondary and Special Needs School. The schools have worked closely to enable children to participate in joint curriculum projects.

The Academy is involved with a cluster of primary and secondary schools in the Welwyn Garden City area of Hertfordshire. Several sporting events covering football, netball, athletics, cross country are arranged throughout the academic year.

The Academy is an alliance member of two teaching schools in Hertfordshire. The school has led on various aspects to benefit the teaching alliance. At present Applecroft is leading on the creative aspect and working closely with the Royal Opera House.

Through the West Herts Teaching Alliance, Applecroft has entered into an agreement with Nottingham University to train Teachers. The SCITT programme enables students to be placed in a school for an academic year whilst working towards qualified teacher status.

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object and activity of the Academy are to be an inclusive school, valuing everyone and providing opportunities to fulfil each individual's potential

To provide a broad and balanced curriculum that explores knowledge, nourishes creativity and encourages independence

To encourage happy, confident, learning for life

To provide a safe, secure and stimulating environment in which everyone can feel happy and cared for

We respect and value each other, our environment and ourselves

We aim for Applecroft to be a diverse, active, committed, all inclusive, happy community both within and beyond the school

To be a self-evaluating school

**Objectives**

The Governing Body had the following main objectives for the year ended 31 August 2013

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To continue to raise the standard of educational achievement of all pupils and thereby to maintain the Academy's local and national reputation
- 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
- To consolidate the Academy's newly acquired Academy status and enjoy a smooth transition to new systems and a new compliance framework.
- To continually review the opportunities facing Applecroft School which will further develop both its educational offering and financial security ensuring a forward thinking approach

**Strategies and activities**

In keeping with its objectives for the year, the main activities provided by the Academy included

- Tuition and learning opportunities for all students to attain appropriate SAT assessments
- Ensure 100% qualified teacher coverage at all levels within the School in order to maintain our high standard of education provision
- We strive to maintain the outstanding progress made at the end of KS2 as reflected in our SATs results
- To continually develop the curriculum which enables pupils to apply their acquired knowledge in a broader and creative way
- Training opportunities for all staff, and especially teaching staff
- A programme of extra curricular after-school clubs and activities for all students to deliver a broader curriculum
- Introduced new accounting system to enable accounts to be presented according to Academy requirements, and engaged in new third party contracts for the provision of other support services

**Public benefit**

The Governors of the Academy have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission

The Academy has operated in accordance with its funding agreement and appeals as a non charging, not for profit organisation throughout the period in question. Pupil admissions to the Academy have been conducted in accordance with the Hertfordshire County Council admissions policy

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Achievements and performance**

The Academy measures its success partly through a series of performance indicators. These indicators comprise

- Academy popularity/admissions
- Outstanding Ofsted
- SATs results and other indicators of student progress
- Staff performance monitoring
- Financial Health
- Staff turnover

Examination results for 2013 were very pleasing

- A record 95% of students achieved level 2+ results grades in English & Maths at the end of KS1
- Students achieved level 4+ results grades in English (Reading and Writing) 95% & Maths 91% at the end of KS2, therefore level 4+ in English and Maths totalled 90%
- Students achieved level 5+ results grades in Reading 67% and Writing 45% & Maths 60% at the end of KS2, therefore level 5+ in English and Maths totalled 38%
- 4 Students achieved level 6+ results grades in Maths 12% at the end of KS2

To ensure standards are continually raised, the Academy

- Operates a programme of observations of lessons
- Operates a programme of learning walks
- Operates a programme of appraisal reviews
- Tracks and tackles underachievement as indicated by a number of measures (for example, by subject, class, student)
- Primary Faculty Data Analysis
- Employs an External Adviser (HIP)
- School Plan
- Self-Evaluation document

**Going concern**

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

**Performance Indicators**

Within our FMGE we committed to develop KPIs relating to intended matrix of pupil ratio, staff against budget and contingency fund. This remains as work in progress for final submission and ratification to full Governing Body.

**FINANCIAL REVIEW**

**Financial report for the period**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. Additional funding is gained from the Headteachers Consultancy work and private hirings of the school premises. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2013, total expenditure of £1,959,354 (excluding depreciation) was covered by recurrent grant funding from the EFA together with our other income. Separate income is received for the Children's Centre provision, SpLD and Nursery. The excess of income over expenditure for the period (excluding restricted fixed asset and pension funds) was £111,047.

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Financial position**

The Academy held fund balances at 31 August 2013 of £2,787,742 comprising £2,690,147 of restricted funds, £427,595 of unrestricted general funds and a pension reserve deficit of £330,000

The Academy is currently paying LGPS contributions at a rate sufficient to recover the deficit over a period of 20 years. The Academy is signed into the pension pooling service for Hertfordshire. The transfer to Academy status caused a significant increase in our pension contribution rate relative to the local authority level and we have been reassured that this anomaly will be resolved. The impact caused an increase in our pension contribution level of £23,000 which is approximately 2% of our annual grant.

At 31 August 2013 the net book value of fixed assets was £2,690,147 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.

Approximately 71% of our annual income is spent on the compensation of our staff. This is a key metric which is monitored to ensure sufficient budget balance is available for premises management, insurances and other critical education resource provision.

**Reserves policy**

The Directors are aware of the requirement to balance current and future needs. The Directors always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £427,595. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

Anticipating reductions in future funding (from general government cuts and falls in the real value of grants) it is anticipated that the finances of the Academy will become increasingly tight. The building's refurbishment is highlighting a large number of areas where extra expense may be required to fit the building out to the standard required as some of the facilities have been specified at a very basic level. In light of this future anticipated additional costs and reducing revenues the governors have not spent existing contingencies and retained as many funds as possible to support future expenditure. This has been achieved without compromising the quality of education offered to the students.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £541,081. The Directors have determined that in addition to funds earmarked to protect the school from income decreases and cost increases, they should hold a cash contingency equivalent to one month's gross salary, approximately £100,000.

The Academy will also be assessing options for other improvements to the school in 2014.

**Investment Policy**

The Full Governing Body approved the Investment policy in November 2013. The Finance Committee will review its performance on an annual basis. The policy aims to invest cash in a mixture of liquid and longer term investments such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy. Amounts over this figure may be invested in longer term investments.



**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Principal risks and uncertainties**

The Trustees assess the principal risks and uncertainties facing the Academy as follows

- Staff retention possibly the biggest single risk to the Academy would lie in its failure to retain key staff. However, it is not felt that there are any immediate threats in this regard, and that recent and current developments such as the conversion to academy has provided new and exciting opportunities for professional development.
- Material decrease in income affecting provision is unlikely. The budget for 2013/14 is positive, and the longer term financial plan shows a contingency is in place against unwelcome future events.
- Falling rolls highly unlikely. Initial response to the conversion to academy status has showed no diminution in student and parental enthusiasm. The School has been oversubscribed for many years and there is every sign of this continuing.
- Loss of Outstanding status – unlikely. Applecroft School is considered outstanding in every category. The School conducts regular self evaluation to ensure that it "strives to excel" in every area of its educational provision.
- Staff recruitment. Conversion to academy status has not affected the attractiveness of the Academy to potential new staff. Currently maintaining 100% of qualified teachers in the classroom.
- Bank balances & investments. There is no significant risk other than an institution ceasing to trade. The Academy is therefore seeking to spread its investments as and when a formal investment policy is approved and in place.
- Debtors. There are no material debtors.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.
- The Academy's IT infrastructure is protected through installation of appropriate security procedures which are regularly updated ensuring protection of school data and safeguarding of students within the network. A disaster recovery strategy is in place.
- Disaster recovery and protection – The Academy has taken various insurance policies to mitigate any financial and business risk is protected wherever possible.

**Plans for the future**

The Academy will continue striving to improve the level of performance of its students at all levels, and will maintain its popularity within its community leading to a strong pupil subscription in future years.

The Academy plans to consider opportunities in support of its forward thinking approach to education within the wider community. The school will continue to share best practices that are applied within Applecroft which ensure maintenance of its outstanding Ofsted status.

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the Chantable Company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the Chantable Company's auditors in connection with preparing their report and to establish that the Chantable Company's auditors are aware of that information.

**AUDITORS**

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

This report was approved by order of the members of the Governing Body on **17.12.13** and signed on its behalf by



**Ms C Forbes**  
**Chair of Governors**

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Ms C Forbes-Bonnett, Chair	5	5
Ms M Woodliffe, Vice Chair	3	5
Ms V Parsey, Headteacher	5	5
Mr B Judge, Community Governor	3	5
Rev J Gray, Community Governor	3	3
Ms M O'Donovan, Community Governor	2	5
Mr J Fennell, Community Governor	2	2
Ms R Barden, Parent Governor	5	5
Mr G Thomson, Parent Governor	1	1
Mr D Parker, Parent Governor	2	2
Mr M Jolly, Parent Governor	1	2
Ms S Boulton, Staff Governor	5	5
Mr N Gallacher, Staff Governor	5	5

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ms R Barden	3	5
Ms C Forbes	3	5
Mr B Judge	4	5
Ms V Parsey	5	5
Ms M Woodliffe	5	5
Mr D Parker	3	3

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Academy for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 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 to appoint Peter Cabon as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the internal auditor 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 Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

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

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

Approved by order of the members of the Governing Body on 17.12.13 and signed on their behalf, by



**Ms C Forbes**  
**Chair of Governors**



**Ms V Parsey**  
**Accounting Officer**

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Academy I have considered my responsibility to notify the Academy 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 and the Secretary of State As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy Governing Body are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012)

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



**Ms V Parsey**  
**Accounting Officer**

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

The Governors (who act as directors of Applecroft School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company and charity law requires the Governors to prepare financial statements for each financial year they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to

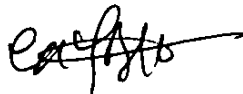
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the Governing Body on 17.12.13 and signed on its behalf by



**Ms C Forbes**  
**Chair of Governors**

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLECROFT PRIMARY SCHOOL**

We have audited the financial statements of Applecroft School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency.

This report is made solely to the Chantable Company's, 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 Chantable 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 Chantable Company's members for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the Chantable 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.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 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 Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

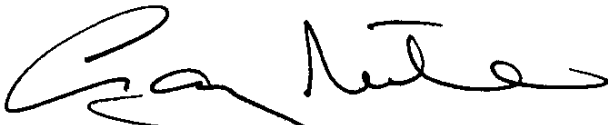
**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLECROFT PRIMARY SCHOOL**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

Date

23/12/13

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO APPLECROFT  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 August 2103 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Applecroft Primary School during the year 1 September 2012 to 31 August 2013 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 Applecroft Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Applecroft Primary 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 Applecroft Primary School and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF APPLECROFT PRIMARY SCHOOL'S ACCOUNTING OFFICER AND THE  
INDEPENDENT REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Applecroft Primary School's funding agreement with the Secretary of State for Education dated 1 March 2012, 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. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

The work undertaken to draw to our conclusion includes

- Consideration and corroboration of the evidence supporting the accounting officers' statement on regularity, propriety and compliance
- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity
- Discussions with and representations from the Accounting Officer and other Key management personnel
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate



**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO APPLECROFT  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



**Price Bailey LLP**

Chartered Accountants

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

Date 23/12/13

**APPLECROFT PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
Assets received on conversion to academy	2	-	-	-	-	2,825,420
Other voluntary income	2	26,768	49,204	-	75,972	32,116
Activities for generating funds	3	164,998	-	-	164,998	86,311
Investment income	4	2,890	-	-	2,890	444
Incoming resources from charitable activities	5	-	1,813,411	8,989	1,822,400	957,019
<b>TOTAL INCOMING RESOURCES</b>		<b>194,656</b>	<b>1,862,615</b>	<b>8,989</b>	<b>2,066,260</b>	<b>3,901,310</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	7	100,695	1,841,990	160,391	2,103,076	1,048,202
Governance costs	6	-	7,550	-	7,550	8,000
<b>TOTAL RESOURCES EXPENDED</b>	<b>8</b>	<b>100,695</b>	<b>1,849,540</b>	<b>160,391</b>	<b>2,110,626</b>	<b>1,056,202</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>93,961</b>	<b>13,075</b>	<b>(151,402)</b>	<b>(44,366)</b>	<b>2,845,108</b>
Transfers between Funds	16	-	(54,009)	54,009	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>93,961</b>	<b>(40,934)</b>	<b>(97,393)</b>	<b>(44,366)</b>	<b>2,845,108</b>
Actual gains and losses on defined benefit pension schemes		-	5,000	-	5,000	(18,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>93,961</b>	<b>(35,934)</b>	<b>(97,393)</b>	<b>(39,366)</b>	<b>2,827,108</b>
Total funds at 1 September 2012		333,634	(294,066)	2,787,540	2,827,108	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>427,595</b>	<b>(330,000)</b>	<b>2,690,147</b>	<b>2,787,742</b>	<b>2,827,108</b>

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 19 to 35 form part of these financial statements

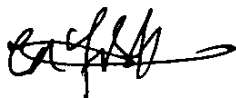
**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07917745**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	13		2,690,147		2,813,201
<b>CURRENT ASSETS</b>					
Debtors	14	74,918		94,877	
Cash at bank and in hand		541,081		343,261	
		<u>615,999</u>		<u>438,138</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(188,404)		(102,231)	
<b>NET CURRENT ASSETS</b>			<u>427,595</u>		<u>335,907</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,117,742</u>		<u>3,149,108</u>
Defined benefit pension scheme liability	20		<u>(330,000)</u>		<u>(322,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>2,787,742</u></u>		<u><u>2,827,108</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds					
Restricted funds	16	-		27,934	
Restricted fixed asset funds	16	2,690,147		2,787,540	
		<u>2,690,147</u>		<u>2,815,474</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(330,000)</u>		<u>(322,000)</u>	
Total restricted funds			<u>2,360,147</u>		<u>2,493,474</u>
Unrestricted funds	16		<u>427,595</u>		<u>333,634</u>
<b>TOTAL FUNDS</b>			<u><u>2,787,742</u></u>		<u><u>2,827,108</u></u>

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

17.12.13



**Ms C Forbes**  
**Chair of Governors**

The notes on pages 19 to 35 form part of these financial statements

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

		31 August 2013 £	Period Ended 31 August 2012 £
	Note		
Net cash flow from operating activities	18	223,278	368,871
Returns on investments and servicing of finance - interest received		2,890	444
Capital expenditure		(28,348)	(26,054)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>197,820</u>	<u>343,261</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	31 August 2013 £	Period Ended 31 August 2012 £
Increase in cash in the year	197,820	343,261
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>197,820</u>	<u>343,261</u>
Net funds at 1 September 2012	343,261	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<u>541,081</u>	<u>343,261</u>

The notes on pages 19 to 35 form part of these financial statements

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the Young People's Learning Agency, applicable accounting standards and the Companies Act 2006

**1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE 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 DfE

Investment income, gains and losses are allocated to the appropriate fund

**1.3 Incoming resources**

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy 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 the Academy's policies

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

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

**1.4 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

Charitable activities are costs incurred in the academy's educational operations

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

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.5 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 academy 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.

**1.6 Tangible fixed assets and depreciation**

Assets costing more than £500 are capitalised.

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

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

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Land	-	Over the term of the lease
Long Term Leasehold Buildings	-	20 years straight line
Fixtures and fittings	-	10 years straight line
Computer equipment	-	4 years straight line
Leasehold improvements	-	35 years straight line

**1.7 Operating leases**

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

**1.8 Taxation**

The Academy 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 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.

**APPLECROFT PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.9 Pensions**

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**2. OTHER VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Assets received on conversion to academy	-	-	-	2,825,420
Donations	26,768	49,204	75,972	32,116
Voluntary income	26,768	49,204	75,972	2,857,536

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of Facilities	18,792	-	18,792	14,822
Catering Income	66,143	-	66,143	25,765
Other Income	80,063	-	80,063	45,724
	164,998	-	164,998	86,311

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank Interest	2,890	-	2,890	444
	<u>2,890</u>	<u>-</u>	<u>2,890</u>	<u>444</u>

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,398,656	1,398,656	710,829
Other DfE / EFA grants	-	46,048	46,048	15,002
Start up grant	-	-	-	25,000
	<u>-</u>	<u>1,444,704</u>	<u>1,444,704</u>	<u>750,831</u>
<b>Other government grants</b>				
Local authority grants	-	377,696	377,696	206,188
	<u>-</u>	<u>377,696</u>	<u>377,696</u>	<u>206,188</u>
	<u>-</u>	<u>1,822,400</u>	<u>1,822,400</u>	<u>957,019</u>

**6. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	4,200	4,200	4,200
Auditors' non audit costs	-	3,350	3,350	3,800
	<u>-</u>	<u>7,550</u>	<u>7,550</u>	<u>8,000</u>



**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DIRECT COSTS</b>				
Wages and salaries	-	979,131	979,131	498,574
National insurance	-	64,153	64,153	32,505
Pension cost	-	148,525	148,525	72,974
Educational supplies	-	147,930	147,930	79,979
Educational consultancy	-	6,835	6,835	5,916
Other direct costs	-	6,557	6,557	728
Supply teaching	-	1,882	1,882	1,783
	-	1,355,013	1,355,013	692,459
<b>SUPPORT COSTS</b>				
Wages and salaries	-	241,971	241,971	115,829
National insurance	-	5,582	5,582	2,439
Pension cost	-	21,661	21,661	14,393
Depreciation	-	151,272	151,272	71,969
FRS 17 adjustment to LGPS	-	11,000	11,000	6,000
Staff development	-	7,055	7,055	11,800
Technology costs	-	15,717	15,717	10,693
Travel and subsistence	-	2,157	2,157	254
Other support costs	12,026	10,214	22,240	4,537
Maintenance of premises and equipment	-	48,409	48,409	5,263
Cleaning	-	5,760	5,760	592
Rates	-	7,693	7,693	3,777
Energy	-	8,753	8,753	6,797
Insurance	-	37,691	37,691	15,853
Catering	88,669	-	88,669	30,666
Occupancy costs	-	22,354	22,354	7,821
Bank interest and charges	-	165	165	182
Telephone	-	5,031	5,031	3,067
Printing, postage and stationery	-	15,342	15,342	5,451
Professional fees	-	29,541	29,541	38,360
	100,695	647,368	748,063	355,743
	100,695	2,002,381	2,103,076	1,048,202

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Direct costs - Provision of Education	1,191,809	-	163,204	1,355,013	692,459
Support costs - Provision of Education	269,214	259,840	219,009	748,063	357,526
<b>Charitable activities</b>	<b>1,461,023</b>	<b>259,840</b>	<b>382,213</b>	<b>2,103,076</b>	<b>1,049,985</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>7,550</b>	<b>7,550</b>	<b>8,000</b>
	<b>1,461,023</b>	<b>259,840</b>	<b>389,763</b>	<b>2,110,626</b>	<b>1,057,985</b>

**9. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	31 August 2013 £	Period Ended 31 August 2012 £
Depreciation of tangible fixed assets - owned by the charity	151,272	71,969
Auditors' remuneration	4,200	4,200
Auditors' remuneration - non-audit	3,350	3,800
Operating leases	334	-

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10. STAFF COSTS**

Staff costs were as follows

	31 August 2013 £	Period Ended 31 August 2012 £
Wages and salaries	1,221,102	614,403
Social security costs	69,735	34,944
Other pension costs (Note 20)	170,186	87,367
	<u>1,461,023</u>	<u>736,714</u>
Supply teacher costs	1,882	1,783
	<u>1,462,905</u>	<u>738,497</u>

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

	31 August 2013 No	Period Ended 31 August 2012 No
Teachers	18	17
Administration and Support	0	18
Management	3	1
	<u>21</u>	<u>36</u>

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

	31 August 2013 No	Period Ended 31 August 2012 No
In the band £ 80,001 - £ 90,000	<u>1</u>	<u>1</u>

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2013 the academy made pension contributions totalling £11,506 (2012 £5,584) on their behalf.

**APPLECROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**11. GOVERNORS' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 3 Governors (2012 - 2) in respect of defined contribution pension schemes

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal 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 fell within the following bands

	31 August 2013 £	Period Ended 31 August 2012 £
Ms V Parsey, Headteacher	80,000-85,000	40,000-45,000
Ms S Boulton, Staff Governor	30,000-35,000	15,000-20,000
Mr N Gallacher, Staff Governor	15,000-20,000	

During the year ended 31 August 2013, expenses totalling £1,037 (2012 - £nil) were reimbursed to one Governor (2012 - nil). These are reimbursed expenses incurred in the course of their role as an employee not as governor.

**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 cover provides up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 formed part of the overall insurance cover for the Academy.

**APPLECROFT PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**13. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2012	2,773,415	78,267	33,488	2,885,170
Additions	-	829	27,519	28,348
Disposals	-	(90)	(150)	(240)
At 31 August 2013	<u>2,773,415</u>	<u>79,006</u>	<u>60,857</u>	<u>2,913,278</u>
<b>Depreciation</b>				
At 1 September 2012	47,324	16,782	7,863	71,969
Charge for the year	94,649	34,168	22,455	151,272
On disposals	-	(35)	(75)	(110)
At 31 August 2013	<u>141,973</u>	<u>50,915</u>	<u>30,243</u>	<u>223,131</u>
<b>Net book value</b>				
At 31 August 2013	<u>2,631,442</u>	<u>28,091</u>	<u>30,614</u>	<u>2,690,147</u>
At 31 August 2012	<u>2,726,091</u>	<u>61,485</u>	<u>25,625</u>	<u>2,813,201</u>

The long term leasehold property has been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. The Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

**14. DEBTORS**

	2013 £	2012 £
Other debtors	30,907	39,897
Prepayments and accrued income	44,011	54,980
	<u>74,918</u>	<u>94,877</u>

**15. CREDITORS:  
Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	23,255	16,461
Other taxation and social security	20,070	-
Other creditors	64,161	42,329
Accruals and deferred income	80,918	43,441
	<u>188,404</u>	<u>102,231</u>

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**15. CREDITORS:**  
**Amounts falling due within one year (continued)**

	£
<b>Deferred income</b>	
Deferred income at 1 September 2012	4,550
Resources deferred during the year	32,509
Amounts released from previous years	(4,550)
	<hr/>
Deferred income at 31 August 2013	32,509
	<hr/>

**16. STATEMENT OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
Unrestricted funds	333,634	194,656	(100,695)	-	-	427,595
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted funds</b>						
General Annual Grant (GAG)	26,741	1,398,656	(1,371,388)	(54,009)	-	-
SEN	-	1,200	(1,200)	-	-	-
Pupil premium	-	29,476	(29,476)	-	-	-
Educational visits	1,193	49,204	(50,397)	-	-	-
SpLD - Base income	-	137,237	(137,237)	-	-	-
SEYFF - Early Years Foundation	-	125,526	(125,526)	-	-	-
NLE support	-	16,000	(16,000)	-	-	-
Children's Centre	-	97,733	(97,733)	-	-	-
Other restricted funds	-	7,583	(7,583)	-	-	-
Pension reserve	(322,000)	-	(13,000)	-	5,000	(330,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(294,066)	1,862,615	(1,849,540)	(54,009)	5,000	(330,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted fixed asset funds</b>						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Restricted fixed Assets	2,787,540	-	(151,402)	54,009	-	2,690,147
DFC	-	8,989	(8,989)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,787,540	8,989	(160,391)	54,009	-	2,690,147
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	2,493,474	1,871,604	(2,009,931)	-	5,000	2,360,147
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	2,827,108	2,066,260	(2,110,626)	-	5,000	2,787,742
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**16. STATEMENT OF FUNDS (continued)**

**General Annual Grant (GAG)**

This represents funding from the EFA to cover the costs of recurrent expenditure

In the GAG narrative 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 2013

**Special Educational Needs (SEN)**

This represents allocated funding for special educational needs pupils

**Pupil Premium**

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals

**Educational Visits**

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips

**SpLD - Base Income**

This funding is to provide specific learning support to a designated area of schools in Hertfordshire

**SEYFF - Early Years Foundation**

This funding is to provide support for the Nursery provision at Applecroft School

**NLE Support**

This funding is to provide support for other schools from a National Leader of Education

**Children's Centre**

This funding is to provide support for children under the age of 5 years in a designated area of Hertfordshire

**Pension Reserve**

This fund represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from being a state controlled school

**Restricted Fixed Asset Fund**

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

**Devolved Formula Capital (DFC) Fund**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities

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**SUMMARY OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(Losses) £	Earned forward £
General funds	333,634	194,656	(100,695)	-	-	427,595
Restricted funds	(294,066)	1,862,615	(1,849,540)	(54,009)	5,000	(330,000)
Restricted fixed asset funds	2,787,540	8,989	(160,391)	54,009	-	2,690,147
	<u>2,827,108</u>	<u>2,066,260</u>	<u>(2,110,626)</u>	<u>-</u>	<u>5,000</u>	<u>2,787,742</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	2,690,147	2,690,147	2,813,201
Current assets	427,595	-	188,404	615,999	438,138
Creditors due within one year	-	-	(188,404)	(188,404)	(102,231)
Provisions for liabilities and charges	-	(330,000)	-	(330,000)	(322,000)
	<u>427,595</u>	<u>(330,000)</u>	<u>2,690,147</u>	<u>2,787,742</u>	<u>2,827,108</u>

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	31 August 2013 £	Period Ended 31 August 2012 £
Net incoming resources before revaluations	(44,366)	2,845,108
Returns on investments and servicing of finance	(2,890)	(444)
Assets received on conversion	-	(2,859,509)
Deficit on disposal of tangible fixed assets	130	393
Depreciation of tangible fixed assets	151,272	71,969
Decrease/(increase) in debtors	19,959	(94,877)
Increase in creditors	86,173	102,231
FRS 17 adjustments	13,000	304,000
<b>Net cash inflow from operations</b>	<u>223,278</u>	<u>368,871</u>



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**19. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	343,261	197,820	-	541,081
<b>Net funds</b>	<b>343,261</b>	<b>197,820</b>	<b>-</b>	<b>541,081</b>

**20. PENSION COMMITMENTS**

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

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

Contributions amounting to £18,769 were payable to the schemes at 31 August 2013 (2012 - £nil) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

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**20. PENSION COMMITMENTS (continued)**

**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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40/80/100% basis.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £65,000, of which employer's contributions totalled £52,000 and employees' contributions totalled £13,000. The agreed contribution rates for future years are 16.8% for employers and 6.6% for employees.

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

The amounts recognised in the Balance Sheet are as follows:

	31 August 2013 £	Period Ended 31 August 2012 £
Present value of funded obligations	(620,000)	(515,000)
Fair value of scheme assets	290,000	193,000
	<u>(330,000)</u>	<u>(322,000)</u>

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

	31 August 2013 £	Period Ended 31 August 2012 £
Current service cost	(54,000)	(26,000)
Interest on obligation	(22,000)	(11,000)
Expected return on scheme assets	11,000	5,000
	<u>(65,000)</u>	<u>(32,000)</u>
Total	(65,000)	(32,000)
Actual return on scheme assets	<u>32,000</u>	<u>1,000</u>

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

	31 August 2013 £	Period Ended 31 August 2012 £
Opening defined benefit obligation	515,000	-
Current service cost	54,000	26,000
Interest cost	22,000	11,000
Contributions by scheme participants	13,000	7,000
Actuarial Losses	16,000	14,000
Present value of defined benefit obligation on conversion	-	457,000
	<u>620,000</u>	<u>515,000</u>
Closing defined benefit obligation	620,000	515,000

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

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

	31 August 2013 £	Period Ended 31 August 2012 £
Opening fair value of scheme assets	193,000	-
Expected return on assets	11,000	5,000
Actuarial gains and (losses)	21,000	(4,000)
Contributions by employer	52,000	34,000
Contributions by employees	13,000	7,000
Fair value of scheme assets on conversion	-	151,000
	<u>290,000</u>	<u>193,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £5,000 gain (2012 - £18,000 loss)

The Academy expects to contribute £67,000 to its Defined Benefit Pension Scheme in 2014

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

	2013	2012
Equities	74.00 %	69.00 %
Bonds	18.00 %	19.00 %
Property	5.00 %	6.00 %
Cash	3.00 %	6.00 %

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

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31 August	5.90 %	4.90 %
Rate of increase in salaries	5.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %

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

	2013	2012
Retiring today		
Males	21.0	21.0
Females	23.8	23.8
Retiring in 20 years		
Males	22.9	22.9
Females	25.7	25.7

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**20. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(620,000)	(515,000)
Scheme assets	290,000	193,000
Deficit	<u>(330,000)</u>	<u>(322,000)</u>
Experience adjustments on scheme assets	<u>21,000</u>	<u>(4,000)</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>364</u>	<u>-</u>

**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year the Academy made purchases for re-decorating of £9,750 (2012: £nil) from Darren Gallacher, a brother of Nigel Gallacher.

The amount due to them at the year end was £9,750 (2012: £nil).