

# **Faringdon Academy of Schools**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the period from 6 March 2012 to 31 August 2013**



**Company Registration Number:  
7977368(England and Wales)**

# **Faringdon Academy of Schools**

<b>Contents</b>	<b>Page</b>
Reference and Administrative Details	2
Governors' Report	3
Governance Statement	18
Statement on Regularity, Propriety and Compliance	21
Statement of Trustees' Responsibilities	22
Independent Auditor's Reports	23
Statement of Financial Activities incorporating Income & Expenditure Account	27
Balance Sheet	28
Cash Flow Statement	29
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	30
Other Notes to the Financial Statements	34

## **Faringdon Academy of Schools**

### **Reference and Administrative Details**

#### **Directors (Trustees)**

Bob Wintringham  
David Wilson  
Liz Holmes  
Mark Mobey  
Rachel Kenyon  
Alun Williams  
Paul Turner  
Ian Wright (since 1<sup>st</sup> November 2013)  
Kathryn Hall (since 1<sup>st</sup> November 2013)  
Christine Price (since 1<sup>st</sup> November 2013)

Rev Richard Hancock (since 1<sup>st</sup> November 2013)  
Jeremy Twynam (since 1<sup>st</sup> November 2013)  
Dan Read (until 31<sup>st</sup> October 2013)  
Roger Cox (until 31<sup>st</sup> October 2013)  
Claire King (until 31<sup>st</sup> March 2013)  
Lisa Proctor (until 31<sup>st</sup> October 2013)  
Alex Bond (until 31<sup>st</sup> October 2013)  
Alex Bannister (until 31<sup>st</sup> October 2013)  
Peter McGurk (until 31<sup>st</sup> October 2013)  
Heather Hambridge (until 31<sup>st</sup> October 2013)

#### **Clerk**

Katie Paxton-Doggett

#### **Academy Leadership Team**

Executive Head  
Academy Business and Finance Director  
Director of School Improvement  
Head Faringdon Junior School  
Head Faringdon Infant School

David Wilson  
John Banbrook  
Duncan Millard  
Paul Turner  
Heather Hambridge

#### **Principal and Registered Office**

Fernham Road  
Faringdon  
Oxon  
SN7 7LB

#### **Company Registration Number**

7977368 (England and Wales)

#### **Independent Auditor**

Critchleys LLP  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

#### **Bankers**

Lloyds TSB Bank PLC  
8 Market Place  
Faringdon  
Oxfordshire  
SN7 7HN

#### **Solicitors**

Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

## **Faringdon Academy of Schools Governors' report**

The Board of Directors hereby present their inaugural annual report together with the financial statements and auditors' report of the charitable company for the period 6<sup>th</sup> March 2012 to 31<sup>st</sup> August 2013. Academy conversion orders were issued by the Secretary of State for Education on 20<sup>th</sup> December 2011 and Faringdon Academy of Schools, comprising Faringdon Community College, Faringdon Junior School and Faringdon Infant School, were incorporated on 6<sup>th</sup> March 2012, formally converting from Local Authority maintained schools to a multi-academy trust on 1<sup>st</sup> April 2012.

On 1<sup>st</sup> November 2013, Faringdon Academy of Schools restructured to include a further 5 academy primary schools:

- Watchfield Primary School,
- John Blandy Voluntary Controlled (VC) Primary School,
- Shrivenham VC Church of England (CofE) Primary School
- Buckland VC CofE Primary School,
- Longcot & Fernham VC CofE Primary School

This inaugural report refers to the constitution, activities, policies and structures in operation during the period covered by this report. However, our Governance structures, leadership teams and many of our activities during this inaugural period have been heavily influenced and subsequently revised to accommodate the requirements of the expanded academy from 1<sup>st</sup> November 2013.

### **Structure, Governance and Management**

#### **Constitution**

Faringdon Academy of Schools ("Academy Trust") is a company limited by guarantee and an exempt charity. The primary governing documents of the Academy Trust are its Memorandum and Articles of Association.

The Directors are responsible for the affairs and the management of the academies operated by the Academy Trust. The Directors act as the trustees for the Academy Trust's charitable activities.

Details of the Directors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 3.

#### **Members' Liability**

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

#### **Governors' (Directors) Indemnities**

Insurance cover is provided by Ecclesiastical under policy number 05ICC6048574.

#### **Principal Activities – taken from the Objects as described in the Articles of Association**

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 schools ("the academies") offering a broad and balanced curriculum,

to promote for the benefit of the inhabitants of Oxfordshire and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants

#### **Method of Recruitment and Appointment or Election of Directors**

For the period of this report, the Board of Directors comprised 15 appointments

- 3 - Chairman from each of the 3 Local Governing Bodies (LGB)
- 1 - Vice Chair of Faringdon Community College
- 3 - Parent Directors, one from each LGB
- 2 - Staff Directors, one from the Secondary School LGB and one from either of the primary school LGBs
- 3 - Head Teachers from each school
- 3 - Directors appointed by Members

Members may appoint up to 3 Directors, but the total number of Directors who are employees of the Academy Trust (including the Executive Head Teacher) must not exceed one third of the total number of Directors

Parent Directors shall be elected by the Parent members of the LGBs (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the Directors from time to time) from amongst their number. The elected Parent Directors must be a parent of a registered pupil at an Academy School at the time when he is elected

The Staff Directors shall be elected by the Staff members of the LGBs (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the Directors from time to time) from amongst their number. A Staff Director must be a staff member at the time when he is elected. If a Staff Director ceases to be a staff member then he shall be deemed to have resigned and shall cease to be a Director

The Directors may appoint up to 3 co-opted Governors. A 'co-opted Director' means a person who is appointed to be a Director by being co-opted by Directors who have not themselves been so appointed. The Directors may not co-opt an employee of the Company as a co-opted Governor if the number of Directors who are employed by the Company (including the Head Teachers) would thereby exceed one third of the total number of Directors

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

Faringdon Academy of Schools continues to subscribe to Oxfordshire County Council's Governor Services, which exists to provide support and training for Oxfordshire's school governors

#### **Organisation**

The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below

##### **The Board of Directors**

The Board of Directors has overall responsibility for the administration of the academy's finances. The main responsibilities of the Board of Directors are prescribed in the Master Funding Agreement and respective Supplemental Funding Agreements between the academy and the DfE and in the academy's Scheme of Delegation. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended
- Approval of the annual budget for each school
- Appointment of the Accounting Officer
- Appointment of the Finance Director, in conjunction with the Accounting Officer

The Board of Directors has wide discretion over its use of the Academy's funds, and is ultimately responsible for the proper stewardship of those funds and for ensuring **economy, efficiency and effectiveness** in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

### **The Faringdon Academy of Schools Resources Committee**

The Academy Resources Committee is a committee of the Board of Directors. The Committee meets at least once per term, but more frequent meetings are arranged as necessary. The main responsibilities of the Academy Resources Committee are detailed in written terms of reference which have been authorised by the Board of Directors and they include:

- Providing guidance and direction for the annual budget process
- Agreeing a mechanism for accounting for central academy services and setting the annual contribution from each school
- The review and authorisation of the annual budget of each school and any subsequent revised budgets submitted in January of each school year
- The regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies
- Authorising the award of contracts and leases over £25,000 per year
- Authorising changes to the central academy personnel establishment
- Reviewing the reports of the Audit Committee on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Directors meeting.

The Academy Resources Committee is directly supported by the Finance Committees from each academy school. School Finance Committees are responsible for their delegated budgets and for regular monitoring of actual expenditure and income against school budgets.

### **The Executive Head Teacher – Accounting Officer**

Faringdon Academy of Schools appointed an Executive Head Teacher on 1<sup>st</sup> April 2013. The Executive Head Teacher is the appointed Academy Accounting Officer and has overall personal responsibility for:

- Probity and regularity compliance
- Prudent and economical Academy administration
- Keeping of proper Academy accounts
- Ensuring value for money and avoiding waste and extravagance across the whole Academy
- Efficient and effective use of available Academy resources

Much of the responsibility is delegated to the Academy Finance Director to manage on a day-to-day basis. Additionally, within a framework that comprises the academy vision, strategic objectives and academy school improvement plan, approved by the Board of Directors, each Head Teacher has responsibility for their individual School Development Plans including the setting of their school's individual budget and financial activities. Individual school budgets are approved by their respective Local Governing Body and

submitted to the Board of Directors, via the Academy Resources Committee for approval annually or as required

### **The Academy Finance Director**

The Academy Finance Director works in close collaboration with the Accounting Officer through whom he is responsible to the Board of Directors. The Finance Director also has direct access to the Board of Directors and the Academy Resources Committee. The main responsibilities of the Finance Director are

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors
- The maintenance of effective systems of internal control
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- The preparation of monthly management accounts
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance

### **Other Staff**

Other members of staff, primarily the Academy Finance Officer, School Finance Officers, School Finance Assistants and budget holders at each school, will have some financial responsibilities and these are detailed in the Faringdon Academy of Schools Financial Regulations Manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

### **Risk Management**

In this inaugural operating period, the Board of Directors have identified and reviewed the major risks to which the Academy Trust is exposed. The major risks have been discussed at Board meetings and appropriate mitigating action has been agreed. At an operational level, the internal control systems and the exposure to risks are considered on a regular basis by the Executive Head Teacher and the academy leadership team.

As the Academy continues to grow, new operating procedures have been developed to formalise a means of identifying, analysing, managing, implementing strategies and reviewing risks. These procedures are now contained in the Academy Strategic Plan which incorporates the risk management strategy and risk register. This plan has been approved by the Board of Directors.

### **Connected Organisations, including Related Party Relationships**

The Academy Trust is not part of a wider network such as a soft federation.

### **Auditor**

Insofar as the Directors are aware there is no relevant audit information of which the charitable company's auditor is unaware, and, the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. Critchleys LLP was formally appointed as auditors for the company and a Letter of Engagement was signed by the Chair of Directors.

## Objectives and Activities

### Faringdon Academy of Schools Vision statement approved by the Board of Directors:

*"Our Academy will create a seamless educational experience for our students across all key stages to develop responsible, capable and confident young people who are active citizens in the 21st Century. We will achieve outstanding progression and maximise pupil achievement in all Academy schools through a rich and motivating curriculum. The Academy will be recognized by our staff, parents and the local community as providers of a safe, creative and ethical environment reinforced by a vibrant Community Dimension. Overall, we will ensure that the Academy proactively adds value to each partner school so that the sum is always greater than the individual parts."*

### Strategic Objectives & Key Indicators

The Academy Board have identified the following 5 strategic objectives with associated key indicators to assess progress against each of the objectives

**1. Our aim is to be the best multi-school academy in southern England**

*Performance Indicators*

- All Academy Schools to have an Ofsted outstanding rating
- All Academy Schools to consistently achieve attainment standards within the top 25% nationally (KS1 – KS5)
- Satisfaction survey with stakeholders and if possible benchmark against other schools

**2. We want to achieve seamless progression across all key stages**

*Performance Indicators*

- Implement a 'through-life' teaching and learning strategy
- Create a rich and motivating curriculum acknowledged through student and parental 'voice' feedback, and independent verification

**3. Maximise engagement with students, their families and the local community to achieve a vibrant community dimension**

*Performance Indicators*

- Produce an Academy Community Strategy document, detailing development of all key partnerships and interactions
- Annually audit the Academy's delivery of a 'safe, creative and ethical environment' with staff, parents and the local community



#### **4. Build a viable and sustainable long term Faringdon Education Strategy**

##### *Performance Indicators*

- *Produce and publish a Faringdon Education Development Plan (10 year vision) linked to the Faringdon Neighbourhood Plan*
- *Proactively support the conversion of Faringdon Partnership schools to Academy status with feedback via the Headteacher Steering Group*

#### **5. Ensure that our Academy proactively adds value to member schools**

##### *Performance Indicators*

- *Academy Board to subjectively assess the quality of approved 'Added Value Projects' being successfully implemented each year, and /or assessment by Local Governing Bodies using questionnaires with ratings on added-value progress*
- *Additional investment made available per year by becoming a Multi-Academy Trust – whether derived via economies of scale or other savings (measured as absolute quantum or % of total budget)*

### **Strategies and Activities**

The formation of Faringdon Academy of Schools as a multi-academy trust on 1<sup>st</sup> April 2012 marked the start of a significant change programme for the 3 Faringdon Schools and for the wider Faringdon Partnership of Schools which has worked extremely closely together for over 17-years. The Partnership comprises 10 rural primary schools, the key feeder schools, and Faringdon Community College which has been rated as Outstanding by Ofsted since 2008. The success of Partnership activities stems from the leadership and cooperation of the Head Teachers in each of the schools, the Academy programme provided an opportunity to build on this success even further. During this reporting period, there have been 3 high level strategies developed by the Board of Directors and these are articulated below.

The immediate local community is currently subject to several large housing developments which will place enduring pressure on the capacity at many of the Partnership Schools, but specifically immediate pressure on primary capacity within Faringdon Town. For several years there have been discussion and outline plans for a new primary school to be built within the Town. This provided the initial catalyst for the 3 Faringdon Schools to form a MAT in order that they could provide a single voice for education within the Town and to seek to influence, in close liaison with Oxfordshire County Council, the outcome of a new school. Consequently one of the initial strategies developed by the newly formed Faringdon Academy of Schools was a jointly sponsored project with Oxfordshire County Council to develop master planning proposals for the future of education in Faringdon for the next 15-years. The Academy also worked closely with the Town Council and Vale of White Horse District Council to integrate these proposals into the Town's Neighbourhood Plan, commissioned to consider the strategic development of Faringdon over the next 20-years.

The Academy master planning proposals have been agreed by the Board of Directors and they outline strategic recommendations to meet the predicted increase in pupil numbers created by the growth of the Town. The report also addresses the immediate pressure created by increased numbers at Faringdon Infant School and makes a recommendation to meet this need as part of a longer term proposal to achieve a balanced and increased provision of primary schools places across Faringdon. The master planning proposals can be seen on the Academy website<sup>1</sup>, they have been submitted to the EFA for

---

<sup>1</sup> <http://faringdonacademy.org/>

consideration and an implementation team has been established to take this significant project forward. This initial activity has provided a baseline for what is likely to be a major line of development for the Academy for several years to come.

Shortly after the formation of Faringdon Academy of Schools, Oxfordshire County Council determined that it fully supported the Academy programme and announced that all eligible LA maintained schools should consider conversion. Consequently several of the Partnership schools approached the newly formed Academy to see whether it was possible for them to join. The Board of Directors commissioned work to consider options and formally engaged with the Oxfordshire Diocese Board of Education in October 2012. On 29<sup>th</sup> November 2012, the Board of Directors voted unanimously to proceed with a formal consultation with the Partnership Schools. Two of the Partnership schools are Church of England Voluntary Aided schools and whilst both have expressed their intent to join the Academy, it is not possible under current legislation for them to do so<sup>2</sup>. Of the remaining 6 Partnership schools, 5 voted unanimously to join the Academy. Consequently a further significant activity during this reporting period has been the work to facilitate academy expansion. On 1<sup>st</sup> November 2013, the Academy became an 8 school MAT. This work has dominated the workload of our central academy office and has required a full redesign of our governance structures and processes. This significant project has been delivered on time and within budget.

The third key strategy stems from activity to deliver the first 2 of our strategic objectives, to become the best multi-academy trust in Southern England, and, to achieve a seamless progression across all key stages. In April 2013, Dave Wilson Head Teacher at Faringdon Community College was appointed as interim Executive Head Teacher of the Academy with overall responsibility for school improvement and as the single Academy Accounting Officer. The appointment is initially interim until October 2014 to enable the transition to an expanded Academy. The new Board of Directors will determine the requirement for a substantive appointment in the next reporting period. As Executive Head, Dave Wilson has established a School Improvement Team comprising experienced teaching staff from both Primary and Secondary schools, their remit is to support all Academy Headteachers, Governors, Teachers and support staff to develop and enhance education provision, so that each school can achieve the strategic objective of providing an outstanding education for all children.

This has been an exceptionally busy inaugural operating period for Faringdon Academy of Schools and a significant amount of work has been completed to lay the foundation for how the Academy will operate in the coming months and years. The Board of Directors seeks to take a strategic approach to running the Academy with Local Governing Bodies at each school empowered to operate and oversee their respective schools. This framework includes a developing mechanism to ensure economy, efficiency and effectiveness in order to guarantee value for money. The Academy is developing these mechanisms to ensure that it meets its obligations in full and critically that it adds value to each of its member schools.

#### **Public Benefit**

Faringdon Academy of Schools comprises a mixed comprehensive secondary school with a successful 6<sup>th</sup> Form, a Junior School and an Infant School and together they offer an excellent educational environment for over 1500 pupils. Our successes are built upon the efforts of a highly qualified, hard-working and enthusiastic staff, well-motivated pupils, very supportive parents and a highly committed Academy Board with a strong connection with the local community. All of our schools have high quality pastoral care systems enhanced during this period with the establishment of an additional Home-Link worker.

Faringdon Academy of Schools has excellent links with the Faringdon Partnership of primary schools, the Rotary Club, U3A, Chamber of Commerce & Faringdon Business Breakfast Club, the Defence Academy, Friends of the

---

<sup>2</sup> Faringdon Academy of Schools intends to pursue this in due course

Folly and so many more groups in our community This ensures that we continue to generate better educational programmes for all young people, as well as improving our transitional activities for students who will be coming to Faringdon Community College

We value highly all contact with parents since we see a successful education being a partnership between parents, students and the school By working together we are able to meet our aim of ensuring that all who attend our Academy Schools will find it challenging, stimulating, caring and a happy place to be

Enabled by our close partnership and community connections, all pupils within member schools are able to participate in a wide variety of sports, clubs, trips and activities; at Faringdon Community College this includes the Duke Of Edinburgh Award Scheme and The Community Sports Leadership Award Schemes The Academy has also introduced a Saturday School held at the Community College to utilise the outstanding facilities and this is accessible by all pupils at member schools Saturday School offers diverse activities from technology clubs, web design, drama, cooking, music, art and first aid workshops The popularity of Saturday School is beginning to accelerate and we hope to increase the range of options as the Academy expands in the coming year This initiative is funded via a grant from central academy funds and contributions from those attending

To that end, the Academy Trust Directors confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties

## **Achievements and Performance**

### **Faringdon Community College**

Faringdon Community College has been rated by Ofsted as Outstanding since May 2008

#### **Exam Results 2013**

The College achieved excellent results in both the GCSE and A2-level examinations and are a reflection of the fantastic commitment of our students, and the high quality teaching provided for them by all our teaching staff All our students should be justifiably proud of their efforts and the grades they have achieved A summary of achievement is as follows

##### **GCSE**

A cohort of 178 pupils

- 72% achieved 5 A\* - C (including English and Mathematics) This is the school's best ever result
- 93% achieved 5 A\* - C passes This is the top performance in Oxfordshire
- 98% achieved 5 A\* - G (including English and Mathematics) passes
- The average points score per student was 588 points, the top performance in Oxfordshire
- Target for 2014 75% 5 A\* - C (including English and Mathematics)

##### **A Level**

A cohort of 70 pupils

- 39% of A level grades were A\*/B
- 99.6% pass rate at A level

- Average points per students 833 Qualifications & Curriculum Authority points (2012 national average 733)

#### AS Level

A cohort of 69 pupils

- ***On par with our best ever AS results 2012 - these results bode very well for A level results 2014.***
- 45% of grades at AS level were A/B
- 91% overall pass rate

Full details of the performance by each department are available within our 2013 School Prospectus available via the Faringdon Community College website at <http://www.fcc.oxon.sch.uk/>

#### Sporting and Creative

Faringdon Community College has an excellent PE team supporting a wide range of sporting clubs and teams. Healthy lifestyles is an important message within the College and we encourage this through both lessons and after school activities. Similarly, we have a vibrant music, art and drama area with a bi-annual musical production, a strong music technology area and numerous creative outlets for our students and their families.

#### Faringdon Junior School

End of Year School Attainment Tests (SATs) 2013 showed that

100% (National average 90%) of pupils made expected progress in English

98% (National average 87%) of pupils made expected progress in Maths. One child was absent for Maths.

For FSM children 100% made expected progress in Maths (National average 83%) and English (National average 87%).

In maths 35% of children exceeded expected progress (National average 28%).

Writing saw 73% of children exceeding expected progress (National average 73%).

Reading saw 37% exceeding expected progress (National average 34%).

Pupil Premium Grant children made 15.7 points progress in reading, 15.4 points in writing and 15.2 in maths during KS2.

All these figures are above the National Average for 2012.

We have taken part in numerous sports competitions as well as a General Knowledge quiz.

We have a lot of involvement with the local community from 'Bridging the Gap', reading with the infants, through to being National Trust Guardians.

The Choir has sung on a number of occasions across the community.

We also have a great variety of clubs which include gardening, golf, archery, film and ICT.

## **Faringdon Infant School**

We were very proud of our children's achievements at the end of Year 2. They surpassed all the predictions that had been made for them when they entered Key Stage One, demonstrating the hard work and commitment of the staff and children in ensuring good progress from each child's starting point.

Our end of Key Stage One assessments show results in reading, writing and maths continue to improve and sit very favourably with national data.

### **Reading**

We were in the first round of schools to enrol in the Oxford Reading Campaign last year as we are committed to every child enjoying and succeeding in reading. This has involved children taking part in Project X reading programmes and campaigns to promote the love of reading. Achievement far exceeded the predictions we had made at the beginning of Year 1.

- 94% of our children achieved level 2 and above (89% national)
- 85% of our children achieved level 2b and above (79% national)
- 32% of our children achieved level 3 (29% national)

### **Phonics**

Alongside reading, we run a systematic programme of phonics from the Nursery onwards to support children in their reading and writing skills. 78% of the children passed the Year 1 National Phonics Test this year. Nationally 69% passed.

### **Maths**

Again children achieved more than predicted from their starting points in Year 1.

- 97% of our children achieved level 2 and above (85% national)
- 79% of our children achieved level 2b and above (78% national)
- 27% of our children achieved level 3 (23% national)

### **Writing**

Writing skills are more difficult for young children. We work hard to make it enjoyable and fun in our "Big Writing" sessions. As before, children achieved more than expected.

- 86% of our children achieved level 2 and above (85% national)
- 71% of our children achieved level 2b and above (67% national)
- 17% of our children achieved level 3 (15% national)

### **Enrichment**

Despite their young age, the children at Faringdon Infant School, take part in many sporting and creative activities that are available for their age group including swimming. All children in Year 2 had parts in their Leavers' Performance and went to the residential visit at Hill End. They took part in Partnership Events such as the Dance Festival and Ultra Olympics. All these opportunities help to develop greater confidence and good attitudes to learning.

### **Going Concern**

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it

continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### Key Financial Performance Indicators

The Board of Directors approved an overall Academy budget for the periods 1<sup>st</sup> April 2012 to 31<sup>st</sup> August 2012 and from 1<sup>st</sup> September 2012 to 31<sup>st</sup> August 2013. As the Company incorporated at Companies House on 6<sup>th</sup> March 2012, these combined periods represent our inaugural operating period. During this period, our total General Annual Grant was £10.364M. For this inaugural period:

- The Academy predicted a total income of £11.309M and we received £11.916M or 105%
- The Academy predicted staffing costs at £8.132M and we actually spent £8.223M or 101%
- The Academy predicted total expenditure at £11.331M and we actually achieved £11.022M (excluding depreciation and FRS17 pension costs) or 97%

As the Academy expands to become an 8 school MAT, detailed key financial performance indicators are being developed.

### Financial Review

Faringdon Academy of Schools converted to a multi-academy trust of 1<sup>st</sup> April 2012 and an Academies Financial Management and Governance Evaluation was undertaken within four months of the conversion date and submitted to the Education Funding Agency (EFA) in July 2012 in accordance with a published submission deadline.

The evaluation comprised five individual areas that contributed to the overall evaluation and was completed in two parts. Part A, comprised 49 questions and covered mandatory financial management and governance requirements, and Part B, comprised 105 questions and covered recommended and best practice in academies' financial management and governance. Brief descriptions of evidence held and/or justification to support the evaluation had to be included and an overall grade was then based upon the grades for the five areas. Those grades were as follows:

Area	Grade Derived from Part A Requirements	Grade Derived from Part B Requirements
1) Financial Oversight	Good	Good
2) Financial Planning	Good	Good
3) Internal Control	Satisfactory	Satisfactory
4) Financial Monitoring	Good	Good
5) Proper & Regular Use of Public Funds	Good	Good
<b>Overall assessment of financial management &amp; governance</b>	<b>Good</b>	

Since completing the self-assessment in July 2012, the Academy has completed a good deal of work on our financial management and governance processes and a recent internal review by the Chair of the Academy Resources Committee and the Academy Business & Finance Director indicates that the Academy would now assess our grades as Good in all areas.

## Financial and Risk Management Objectives and Policies

Faringdon Academy of Schools has developed a risk management strategy for recognising, managing and tracking opportunities and risks. The Board of Directors has made a considered choice about its desired risk profile, taking account of its legal obligations, its strategic objectives and public expectations of what it should deliver.

The Board of Directors define risk as

*The probability and implications of an activity or event of potentially positive or negative consequences taking place*

This definition of risk enables an approach that allows for the possibility of identifying and exploiting opportunities as well as identifying and mitigating threats. The Faringdon Academy of Schools Risk Management strategy comprises 4 steps

- **Step 1 – Risk Identification** - In simple terms, risk identification aims to recognise what could go wrong, and how. It begins with the annual review of strategic objectives and the subsequent work conducted by the 4 Academy sub-committees (Resources, Safety & Facilities Management, Performance & Standards and PR & Community). However, all Directors, Head Teachers and members of Academy Leadership Teams are responsible for highlighting any key risks that they identify. Strategic risks should be passed to the Academy Business & Finance Director to collate in the Academy Risk Register for further analysis.
- **Step 2 – Risk Analysis** – Risk analysis seeks to understand the likelihood of the activity or event occurring, the potential severity of the outcome, and to ascertain who owns each risk. The Academy has developed a risk matrix, showing likelihood versus impact, to determine the risk of any single event occurring.
- **Step 3 – Risk Management** - Having identified and assessed the likely risks, the Board of Directors, Academy sub-committees and/or Academy Leadership Team develop measures to reduce their likelihood and impact, mitigate unfavourable outcomes, and exploit opportunities that may arise. Risks are prioritised, so that attention can be focused on mitigating the most severe first.
- **Step 4 – Review** – This process is an iterative process. The Risk Register is maintained by the Academy Central Office, owned by the Academy Business & Finance Director, it is reviewed regularly by the Academy Leadership Team and Executive Head Teacher who is responsible for raising strategic risks to the Board of Directors. The Risk Management Strategy and the Risk Register must be reviewed annually by the Board of Directors. Both the Risk Strategy and Risk Register are available on the Academy website to enable all Directors to be familiar with strategic risks.

## Principal Risks and Uncertainties

The Academy considered its top 3 risks to be

- **Potential of Academy to fail to respond to demographic changes in local community** This risk is directly as a result of a significant number of housing developments in the immediate area which have already started to place significant pressure on pupil places at primary level. To mitigate this risk, Faringdon Academy of Schools has co-sponsored (with Oxfordshire County Council) a strategic review of education in Faringdon for the next 15-years. This review has identified the short, medium and long term pressures on the capacity at each school due to rising roll numbers. The review concluded with a report that outlines Master Planning Proposals. These proposals have been endorsed by the Board and further work has been initiated to deliver the recommendations.

- **Potential of Academy Schools to sustain favourable Ofsted inspections** The Board acknowledges that our future success is inextricably linked to the performance of each of our academy schools and the continuous improvement of our reputation and achievements. Consequently, the Board acknowledges this risk and has made the following improvements to mitigate the risk
  - Established an Academy Performance & Standards Committee to provide governance and strategic direction to manage school improvement. This committee reports directly to the Board of Directors
  - Appointment of an Executive Head Teacher to oversee teaching and learning across the whole academy
  - Established a School Improvement Team, comprising experienced teachers and led by a trained current Ofsted inspector. The team is developing a strategy for improvement for all schools in the academy and has established a programme of pre-Ofsted inspection visits to support and advise each Head Teacher
  - Established an Academy Leadership Team, led by the Executive Head Teacher and comprising the Director of School Improvement, each Headteacher and the Academy Business & Finance Director
- **Security of ICT systems and data protection** Since conversion to multi-academy status, we have been forced to migrate our ICT and Management Information Systems away from the local authority as this service that is no longer available to academy schools. We have also elected to introduce a new accounting system. The Board acknowledges the significant risk during transition and whilst establishing our own new systems and processes with new providers. This process will be completed by Autumn 2013 and the residual risk is likely to reduce

#### **Fund balances**

The total fund balances of the Academy at 31st August 2013, as detailed in Note 18 to the financial statements, amounted to £14,074k. Excluding the fixed asset fund (representing the net book value of fixed assets) of £14,303k and the pension deficit fund of £1,293k, reserves amounted to £1,064k and are summarised as follows

	£'000
GAG funds	492
Primaries' conversion funds	120
Other restricted income and capital funds	65
Unrestricted funds	387
	<hr/>
	1,064
	<hr/>

#### **Reserves Policy**

During this inaugural operating period the Academy has accrued a healthy reserve. We received £285K from Oxfordshire on conversion and prudent budgeting during our initial few months helped all academy schools to achieve a surplus in the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> August 2012, this ensured that the Academy started the AY12/13 with a positive total reserve. In addition to delegated school budgets, the Academy holds a central budget to fund a range of central services, within this budget we have planned to accrue sufficient funds to meet the needs of our 5-year maintenance programme. Prior to conversion we conducted a high-level property survey of each site to assess the significant under-investment by the local authority over many years. These surveys identified circa £1M of routine maintenance required over a 5-year period across 3-sites. A detailed programme of work is being developed to address this requirement which is coherent with the aforementioned Master Planning Proposals to expand capacity across all phases of education.



Furthermore, on 1<sup>st</sup> November 2013, the Academy expanded to become an 8 school multi-academy trust. During the transition and for the remainder of the AY13/14 period, the Board have taken the view that until we have a solid understanding of the financial profile and performance of the 5 joining schools, it is prudent to retain a sensible reserve. A more detailed policy on reserves will be developed toward the end of the AY13/14 period for future years.

### **Investment Policy**

Investments will be made only in accordance with written procedures approved by the Board of Directors. At present, all funds held by the Academy as at the 31 August 2013 were in an interest bearing account with Lloyds TSB Bank PLC. The Academy Resources Committee has debated options to invest money and they have had initial discussions with our relationship manager at Lloyds Bank. At this time and cognisant of the position outlined in the Reserves Policy statement, the Committee have elected to postpone implementation until post academy expansion. The Academy Business & Finance Director has been tasked to provide the Academy Resources Committee with an options paper by March 2014 in order to make a recommendation to the Board.

### **Plans for Future Periods**

Our immediate plans for the next 12-months will be to consolidate the governance, leadership, systems and processes necessary to operate an expanded Academy. On 1<sup>st</sup> November 2013, revised Funding Agreements and Articles of Association came into effect together with a new Board of Directors. Whilst much of the structure is already in place, key lessons identified during our inaugural operating period will lead to a review of how we will operate in the years ahead. Our immediate priorities are to

- Further develop the strengths of our Board of Directors, Academy sub-committees and the relationships with the Local Governing Bodies at each school
- Advance the cooperation and expertise of our Academy Leadership Team to support every member school
- Exploit the benefits of the School Improvement Team and develop an enhanced School Improvement strategy for approval by the Board of Directors
- Establish a revised programme of work for a newly formed independent Audit Committee to oversee the financial management and controls of the expanded academy
- Consolidate financial planning to include the requirements of the new schools and to develop an effective planning cycle with key performance indicators

Additionally, the Academy will continue to pursue the Master Planning Proposals that have been identified to ensure that we do everything within our ability to meet the increasing capacity requirements across the whole of the Academy.

### **Funds held as Custodian Trustee on behalf of others**

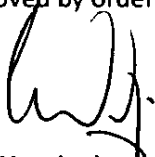
The Academy Trust or its directors are not acting as custodian trustee on behalf of others.

## Auditor

In so far as the Directors are aware

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

Approved by order of the Board of Directors on 3<sup>rd</sup> December 2013 and signed on its behalf by



3 Dec 2013

Bob Wintringham

Chair of the Board of Directors

## **Governance Statement**

### **Scope of Responsibility**

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the Master Funding Agreement and respective Supplemental Funding Agreements between Faringdon Academy of Schools and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Governors' responsibilities. The Board of Directors has formally met 11 times during this inaugural operating period. Attendance during the year at meetings of the Board of Directors was as follows:

<b>Director</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
David Wilson	10	11
Paul Turner	11	11
Heather Hambidge	11	11
Liz Holmes	9	11
Mark Mobey	9	11
Roger Cox	7	11
Alex Bond	8	11
Alex Bannister	8	11
Dan Read	8	11
Rachel Kenyon	8	11
Claire King	7	7
Lisa Proctor	9	11
Alun Williams	10	11
Bob Wintringham	11	11
Peter McGurk	7	11

The Academy Resources Committee is a sub-committee of the Board of Directors. The main responsibilities of the committee are set out in page 5 of this report.

Attendance at meetings in the year was as follows:

<b>Director/Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Liz Holmes (Director)	6	6
Bob Wintringham (Director)	4	6
Roger Cox (Director)	5	6
Alex Bannister (Director)	5	6
Dave Wilson (Director)	1	6
Heather Hambidge (Director)	4	6
Paul Turner (Director)	6	6
Hamish Millar (Local Governor)	5	6

## **The Purpose of the System of Internal Control**

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

## **Capacity to Handle Risk**

The Board of Directors 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 Board of Directors is of the view that there is an on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been developed over this inaugural operating period. This process is regularly reviewed by the Governing Body.

## **The Risk and Control Framework**

The Board of Directors 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 each Local Governing Body and the Board of Directors
- regular reviews by the Academy Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Directors have considered the need for a specific internal audit function and they engaged with a specialist from Critchleys, our external auditors, to advise on an appropriate structure to meet our future needs. Following this advice, the Academy appointed an independent Audit Committee comprising 5 members and a Responsible Officer. The Audit Committee reports directly to the Board of Directors and the Responsible Officer reports to both the Audit Committee and the Academy Resources Committee. The Committee held its inaugural meeting on 12<sup>th</sup> November 2013.

The main duties of the Audit Committee have been agreed as providing the Board of Directors with independent assurance that

- The financial responsibilities of the Board of Directors are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions

#### Review of Effectiveness

As Accounting Officer, the Executive Headteacher 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 external auditor
- the financial management and governance evaluation (FMGE) process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

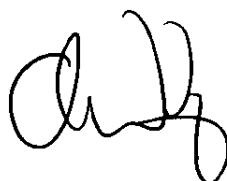
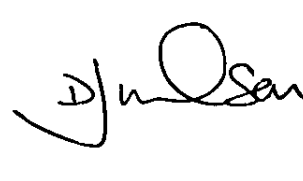
The Accounting Officer has been advised of the implications of the result of the review of the system of internal control and has reported the review to the Strategic Resource & Financial Management committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

#### Review of Effectiveness

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

- the financial management and governance evaluation (FMGE) process,
- the work of the external auditor, and,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

Approved by order of the members of the Board of Directors on 3<sup>rd</sup> December 2013 and signed on its behalf by

 3 Dec 2013  3<sup>rd</sup> Dec 2013

**Bob Wintringham**  
Chair of the Board of Directors


**David Wilson**  
Accounting officer

## **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Faringdon Academy of Schools, I have considered my responsibility to notify the Board of Directors 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 Board of Directors 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.



3<sup>rd</sup> Dec 2013

**David Wilson**  
**Accounting Officer**

## Statement of Trustees' Responsibilities

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

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

In preparing these financial statements, the trustees are required to

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

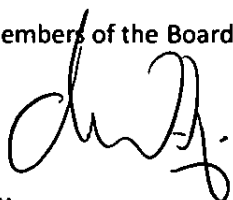
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Board of Directors on 3<sup>rd</sup> December 2013 and signed on its behalf by

Bob Wintringham  
Chair of the Governing Body



3 Dec 2013

## **Independent Auditor's Report to the members of Faringdon Academy of Schools**

We have audited the financial statements of Faringdon Academy of Schools for the period 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the EFA.

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

### **Respective responsibilities of governors and auditor**

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

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy'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 Governor's 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 period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the Academies Accounts Direction 2013 issued by the EFA,
- have been prepared in accordance with the requirements of the Companies Act 2006,

### **Opinion on other matter prescribed by the Companies Act 2006**

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

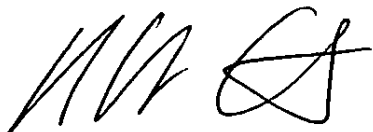


## **Independent Auditor's Report to the members of Faringdon Academy of Schools (continued)**

### **Matters on which we are required to report by exception**

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

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



Robert Kirtland (Senior statutory auditor)  
For and on behalf of Critchleys LLP  
Statutory Auditor  
Oxford

5 December 2013

## **Independent Reporting Auditor's Assurance Report on Regularity to Faringdon Academy of Schools and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 1 November 2013 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 Faringdon Academy of Schools during the period 1 April 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 Faringdon Academy of Schools and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to Faringdon Academy of Schools 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 Faringdon Academy of Schools and the EFA, for our review work, for this report, or for the conclusion we have formed

### **Respective responsibilities of Faringdon Academy of Schools' accounting officer and the reporting auditor**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 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 trust's income and expenditure

The work undertaken to draw to our conclusion includes enquiry, inspection and review, observation and re-performance

## **Independent Reporting Auditor's Assurance Report on Regularity to Faringdon Academy of Schools 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 period 1 April 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

A handwritten signature in black ink, appearing to read 'R Kirtland', with a stylized flourish at the end.

Robert Kirtland (Senior statutory auditor)  
For and on behalf of Critchleys LLP  
Statutory Auditor  
Oxford

5 December 2013

Faringdon Academy of Schools  
Statement of Financial Activities  
For the period ended 31 August 2013  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income - transfer on conversion	3,30	353,288	-	15,503,639	<b>15,856,927</b>
Other voluntary income	3	-	4,000	-	<b>4,000</b>
Activities for generating funds	4	32,248	-	-	<b>32,248</b>
Investment income	5	1,859	-	-	<b>1,859</b>
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	-	11,011,493	70,463	<b>11,081,956</b>
Other income for educational operations	7	795,464	-	-	<b>795,464</b>
<b>Total incoming resources</b>		<b>1,182,859</b>	<b>11,015,493</b>	<b>15,574,102</b>	<b>27,772,454</b>
<b>Resources expended</b>					
<i>Other resources expended</i>					
Transfer from Local Authority on conversion	29,30	-	882,000	-	<b>882,000</b>
<i>Cost of generating funds</i>					
Costs of activities for generating funds	8	323	-	-	<b>323</b>
<i>Charitable activities</i>					
Academy's educational operations	9,10	795,464	10,215,501	1,383,578	<b>12,394,543</b>
<i>Governance costs</i>	10	-	66,541	-	<b>66,541</b>
<b>Total resources expended</b>		<b>795,787</b>	<b>11,164,042</b>	<b>1,383,578</b>	<b>13,343,407</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>387,072</b>	<b>(148,549)</b>	<b>14,190,524</b>	<b>14,429,047</b>
Gross transfers between funds	18	-	(176,155)	176,155	-
<b>Net income/(expenditure) for the period</b>		<b>387,072</b>	<b>(324,704)</b>	<b>14,366,679</b>	<b>14,429,047</b>
Actuarial gains and losses in period for defined benefit pension schemes	19,28	-	(355,000)	-	<b>(355,000)</b>
<b>Net movement in funds</b>		<b>387,072</b>	<b>(679,704)</b>	<b>14,366,679</b>	<b>14,074,047</b>
<b>Funds carried forward at 31 August 2013</b>		<b>387,072</b>	<b>(679,704)</b>	<b>14,366,679</b>	<b>14,074,047</b>

All of the Academy's activities derive from acquisitions in the current accounting period

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

**Faringdon Academy of Schools**  
**Balance sheet**  
**As at 31 August 2013**

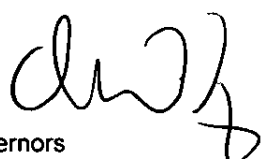
**Company number:**  
**07977368**

	Notes	2013 £	2013 £
<b>Fixed assets</b>			
Tangible assets	15		14,303,415
<b>Current assets</b>			
Debtors	16	375,383	
Cash at bank and in hand		<u>1,397,687</u>	
		1,773,070	
<b>Creditors. Amounts falling due within one year</b>	17	(709,438)	
<b>Net current assets</b>			<u>1,063,632</u>
Total assets less current liabilities			15,367,047
<b>Net assets excluding pension liability</b>			15,367,047
Pension scheme liability	28		<u>(1,293,000)</u>
<b>Net assets including pension liability</b>			<u>14,074,047</u>
<b>Funds of the academy.</b>			
Restricted fixed asset funds	18		14,366,679
Restricted funds			
Restricted funds excluding pension liability	18	613,296	
Pension reserve	18	<u>(1,293,000)</u>	
Total restricted funds			(679,704)
Unrestricted funds	18		387,072
<b>Total funds</b>			<u>14,074,047</u>

The financial statements were approved by the Board of Governors and authorised for issue on

3 December 2013

Signed on behalf of the Board of Governors

 - 3 Dec 2013.

Chair of Governors

R WINTRINGHAM

**Faringdon Academy of Schools**  
**Cash Flow Statement**  
**For the period ended 31 August 2013**

	Notes	2013 £
<b>Net cashflow from operating activities</b>	22	<b>1,155,431</b>
Returns on investments and servicing of finance	23	1,859
Capital expenditure and financial investment	24	(168,633)
<b>Increase/(decrease) in cash in the period</b>	25	<b>988,657</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Cash transferred on conversion to an Academy Trust		409,030
<b>Net funds at 31 August 2013</b>		<b><u>1,397,687</u></b>

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

## **1. Statement of Accounting Policies**

### **Basis of Preparation**

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

### **Academy conversion**

The conversion from a Local Authority 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 have been valued at their fair value in accordance with the accounting policies set out below. Property has been valued on a depreciated replacement cost basis (see note 15). 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 30.

### **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 Trust 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 Statement of Accounting Policies (continued)**

### **Incoming Resources**

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

#### **Grants receivable**

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

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

#### **Donations**

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

#### **Other income**

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

#### **Donated Services and gifts in kind**

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

### **Resources Expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with other relevant 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 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 Governors' meetings and any reimbursed expenses.

All resources expended are inclusive of any irrecoverable VAT.



## **1 Statement of Accounting Policies (continued)**

### **Tangible Fixed Assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details)

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 spread the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	10-45 years from conversion
Leasehold improvements	10-30 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor Vehicles	5 years

Assets in the course of construction 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.

### **Leased Assets**

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

### **Stock**

Any significant catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

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

## **1. Statement of Accounting Policies (continued)**

### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### **Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and other funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and other funders.

**Faringdon Academy of Schools**  
**Notes to the financial statements**  
**For the period ended 31 August 2013**

**2 Voluntary income on conversion to academy**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
Fixed assets transferred to academy	-	15,447,897	<b>15,447,897</b>
Other capital funds	-	55,742	<b>55,742</b>
Other revenue funds			
Budget surplus on LA funds	285,135	-	<b>285,135</b>
Other school funds	68,153	-	<b>68,153</b>
	<u>353,288</u>	<u>15,503,639</u>	<u><b>15,856,927</b></u>

Further information can be found in note 30

**3 Voluntary income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
Other grants and donations	-	4,000	<b>4,000</b>
	<u>-</u>	<u>4,000</u>	<u><b>4,000</b></u>

**4 Activities for Generating Funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
Hire of facilities / other lettings	32,248	-	<b>32,248</b>
	<u>32,248</u>	<u>-</u>	<u><b>32,248</b></u>

**5 Investment Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
Bank interest	1,859	-	<b>1,859</b>
	<u>1,859</u>	<u>-</u>	<u><b>1,859</b></u>

**6 Funding for Academy's educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
<b>DfE/EFA capital grants</b>			
Devolved formula capital grant	-	70,463	<b>70,463</b>
	<u>-</u>	<u>70,463</u>	<u><b>70,463</b></u>
<b>DfE/EFA revenue grants</b>			
General Annual Grant (GAG)	-	10,364,450	<b>10,364,450</b>
Other DfE grants	-	504,106	<b>504,106</b>
	<u>-</u>	<u>10,868,556</u>	<u><b>10,868,556</b></u>
<b>Other Government grants</b>			
Early Years funding	-	127,870	<b>127,870</b>
Other grants	-	15,067	<b>15,067</b>
	<u>-</u>	<u>142,937</u>	<u><b>142,937</b></u>
	<u>-</u>	<u>11,081,956</u>	<u><b>11,081,956</b></u>

**7 Other income for educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2013 £</b>
Trip and activity income	418,212	-	<b>418,212</b>
Catering income	131,257	-	<b>131,257</b>
Other educational income	245,995	-	<b>245,995</b>
	<u>795,464</u>	<u>-</u>	<u><b>795,464</b></u>

**8 Resources Expended (excluding transfer on conversion)**

	Staff Costs £	Premises Costs £	Other Costs £	Total 2013 £
<b>Costs of activities for generating funds</b>	-	323	-	<b>323</b>
<b>Academy's educational operations</b>				
Direct costs (note 9)	7,173,661	-	1,425,231	<b>8,598,892</b>
Allocated support costs (note 9)	1,049,258	570,506	2,175,887	<b>3,795,651</b>
	<u>8,222,919</u>	<u>570,506</u>	<u>3,601,118</u>	<u><b>12,394,543</b></u>
<b>Governance costs</b> (note 10)	-	-	66,541	<b>66,541</b>
	<u>8,222,919</u>	<u>570,829</u>	<u>3,667,659</u>	<u><b>12,461,407</b></u>

**Incoming/outgoing resources for the period include:**

	2013 £
Operating leases	23,925
Fees payable to audit firm	
Audit	8,400
Other services	10,090
Profit/(loss) on disposal of fixed assets	<u>-</u>

**9 Charitable Activities - Academy's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
<b>Direct costs</b>			
Teaching and educational support staff costs	245,995	6,927,666	7,173,661
Educational supplies, trips and transport costs	418,212	417,765	835,977
Examination fees	-	152,198	152,198
Technology costs	-	135,121	135,121
Staff development	-	39,018	39,018
Other direct costs	-	262,917	262,917
	<u>664,207</u>	<u>7,934,685</u>	<u>8,598,892</u>
<b>Allocated support costs</b>			
Support staff costs	-	702,606	702,606
Depreciation	-	1,383,578	1,383,578
Technology costs	-	162,159	162,159
Recruitment and support	-	12,947	12,947
Premises staff costs	-	262,631	262,631
Maintenance (excluding staff costs)	-	318,640	318,640
Cleaning (excluding staff costs)	-	12,528	12,528
Rates	-	44,499	44,499
Energy	-	194,839	194,839
Security and transport	-	8,887	8,887
Catering staff costs	-	84,021	84,021
Catering costs	131,257	87,619	218,876
Insurance	-	137,240	137,240
Other pension costs	-	(2,000)	(2,000)
Other finance costs (FRS17 pension)	-	58,000	58,000
Other support costs	-	196,200	196,200
	<u>131,257</u>	<u>3,664,394</u>	<u>3,795,651</u>
<b>Total</b>	<u>795,464</u>	<u>11,599,079</u>	<u>12,394,543</u>

**10 Governance Costs**

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Legal and professional fees	-	48,051	48,051
Auditors' remuneration	-	8,400	8,400
Audit services	-	10,090	10,090
Other services	-	66,541	66,541
	<u>-</u>	<u>66,541</u>	<u>66,541</u>

## 11 Staff Costs

	2013
	£
Staff costs for the period were	
Wages and salaries	6,752,775
Social security costs	458,912
Pension costs	925,602
	<u>8,137,289</u>
Agency supply teacher costs	85,630
Compensation payments	-
	<u><u>8,222,919</u></u>

The average number of persons (including senior leadership team) employed by the Academy during the period expressed as full time equivalents was as follows

	2013
	No
<b>Charitable Activities</b>	
Teachers	81
Administration and support	64
Management	13
	<u>158</u>

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

	2013
	No
£60,001 - £70,000	3
£90,001 - £100,000	<u>1</u>

The above employees also participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £39,924

## 12 Central services

The academy trust has provided central services to its academies during the period. This includes the following services

Finance and administrative staff  
Professional services  
Educational support and supplies  
Insurance  
ICT supplies  
Premises supplies and services

During the first 5 months of academy operation, the trust made charges for these services equal to total central costs, apportioned on a pro rata basis using respective pupil numbers for each school. During the 12 months to 31 August 2013, the trust made charges for these services on the basis of the GAG LACSEG funding attributable to each school, plus a small further recharge to cover costs. The charges were approved by the Board of Directors.

The actual amounts charged during the period were as follows

	2013
	£
Faringdon Community College	413,939
Faringdon Junior School	111,864
Faringdon Infant School	102,649
	<u><u>628,452</u></u>

### 13 Governors' remuneration and expenses

The Headteacher and staff governors only receive remuneration in respect their employment to undertake the roles of Headteacher and staff and not in respect of their additional roles as governors. Other governors did not receive any payments from the Academy in respect of their role as governors. Remuneration for the period (including employers' pension contributions) is disclosed in £5,000 bands for governors who are also Trustees of the academy trust, as follows

	2013 (17 mths) £
D Wilson, FCC Headteacher and FAS Executive Headteacher, Governor and Trustee	£145k-£150k
P Turner, FJS Headteacher, Governor and Trustee	£85k-£90k
H Hambidge, FIS Headteacher, Governor and Trustee	£85k-£90k
R Kenyon, Staff Governor and Trustee	£65k-£70k
C King, Staff Governor and Trustee (up to April 2013)	£55k-£60k

During the period ended 31 August 2013, no expenses were reimbursed to governors for travel and subsistence expenditure incurred in their roles as governors

### 14 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 £5m on any one claim and the cost for the period ended 31 August 2013 was £320

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



## 15 Tangible Fixed Assets

	Leasehold Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>				
Transferred on conversion	15,380,124	43,940	23,833	15,447,897
Additions	78,298	-	160,798	239,096
At 31 August 2013	<u>15,458,422</u>	<u>43,940</u>	<u>184,631</u>	<u>15,686,993</u>
<b>Depreciation</b>				
Charges in period	1,251,710	37,158	94,710	1,383,578
At 31 August 2013	<u>1,251,710</u>	<u>37,158</u>	<u>94,710</u>	<u>1,383,578</u>
<b>Net book values</b>				
At 31 August 2013	<u>14,206,712</u>	<u>6,782</u>	<u>89,921</u>	<u>14,303,415</u>

The academy took out 125 year leases over the property at the date of conversion. Leasehold buildings have been valued by Mouchel as commissioned by the EFA. The valuation was carried out on a desktop depreciated replacement cost basis as at 31 March 2013 and the values of assets transferred, shown above, have been adjusted for depreciation for the period from conversion to 31 March 2013.

## 16 Debtors

	2013 £
Trade debtors	1,983
Prepayments and accrued income	73,484
Other debtors	<u>299,916</u>
	<u>375,383</u>

## 17 Creditors amounts falling due within one year

	2013 £
Trade creditors	195,434
PAYE and NIC creditor	100,500
Other creditors	172,745
Accruals and deferred income	<u>240,759</u>
	<u>709,438</u>

**Faringdon Academy of Schools**  
**Notes to the financial statements**  
**For the period ended 31 August 2013**

**18 Funds**

	Balance at 1 April 2012 £	Incoming Resources £	Resources Expended £	Transfers & actuarial loss on pension £	Balance at 31 August 2013 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	10,364,450	(9,696,075)	(176,155)	<b>492,220</b>
Pupil Premium funding	-	262,180	(262,180)	-	-
16-19 bursary funding	-	5,852	(4,792)	-	<b>1,060</b>
Other DfE funding	-	28,721	(28,721)	-	-
Balance of conversion grant	-	57,353	(57,353)	-	-
Primaries' conversion grants	-	150,000	(29,984)	-	<b>120,016</b>
Early Years funding	-	127,870	(127,870)	-	-
Other government grants	-	15,067	(15,067)	-	-
Other restricted funds	-	4,000	(4,000)	-	-
Pension reserve (note 28)	-	-	(938,000)	(355,000)	<b>(1,293,000)</b>
	-	<b>11,015,493</b>	<b>(11,164,042)</b>	<b>(531,155)</b>	<b>(679,704)</b>
<b>Restricted fixed asset funds</b>					
Capital funds transferred on conversion	-	55,742	-	(34,375)	<b>21,367</b>
Devolved formula capital	-	70,463	-	(28,566)	<b>41,897</b>
Fixed asset fund (note 15)	-	15,447,897	(1,383,578)	239,096	<b>14,303,415</b>
	-	<b>15,574,102</b>	<b>(1,383,578)</b>	<b>176,155</b>	<b>14,366,679</b>
<b>Total restricted funds</b>	-	<b>26,589,595</b>	<b>(12,547,620)</b>	<b>(355,000)</b>	<b>13,686,975</b>
<b>Unrestricted funds</b>					
Unrestricted funds	-	1,182,859	(795,787)	-	<b>387,072</b>
<b>Total unrestricted funds</b>	-	<b>1,182,859</b>	<b>(795,787)</b>	-	<b>387,072</b>
<b>Total funds</b>	-	<b>27,772,454</b>	<b>(13,343,407)</b>	<b>(355,000)</b>	<b>14,074,047</b>

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2013

**Analysis of academies by fund balance**

Fund balances at 31 August 2013 were allocated as follows

	Total £
Faringdon Community College	<b>446,033</b>
Faringdon Junior School	<b>142,570</b>
Faringdon Infant School	<b>52,714</b>
Central services - main funds	<b>302,299</b>
Central services - primaries' conversion funding	<b>120,016</b>
Total before fixed assets and pension reserve	<b>1,063,632</b>
Fixed asset fund (representing net book value of fixed assets - note 15)	<b>14,303,415</b>
Pension reserve	<b>(1,293,000)</b>
<b>Total funds</b>	<b>14,074,047</b>

## 18 Funds (continued)

### Analysis of academies by cost

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies (including all non staff direct costs) £	Other costs (excluding depreciation and FRS17 pension costs) £	Total £
Faringdon Community College	5,109,223	712,481	1,227,695	528,499	7,577,898
Faringdon Junior School	949,932	110,381	98,074	318,165	1,476,552
Faringdon Infant School	1,104,691	129,454	67,328	309,769	1,611,242
Central services	9,817	96,940	32,136	217,244	356,137
	<b>7,173,663</b>	<b>1,049,256</b>	<b>1,425,233</b>	<b>1,373,677</b>	<b>11,021,829</b>
				Depreciation	1,383,578
				Other finance costs and pension costs (FRS17)	56,000
				<b>Note 8</b>	<b>12,461,407</b>

## 19 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	14,303,415	14,303,415
Current assets	1,096,510	613,296	63,264	1,773,070
Current liabilities	(709,438)	-	-	(709,438)
Pension Scheme liability	-	(1,293,000)	-	(1,293,000)
<b>Total net assets</b>	<b>387,072</b>	<b>(679,704)</b>	<b>14,366,679</b>	<b>14,074,047</b>

**20 Capital commitments**

2013  
£

Contracted for, but not provided in the financial statements

-

---

**21 Financial commitments**

***Operating leases***

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

2013  
£

Land and buildings

Expiring within one year

-

Expiring within two and five years inclusive

-

Expiring in over five years

-

---

-

---

Other

Expiring within one year

5,963

Expiring within two and five years inclusive

15,682

Expiring in over five years

21,645

---

<b>22 Reconciliation of net income to net cash flow from operating activities</b>	<b>2013</b>
	<b>£</b>
Net income	14,429,047
Cash transferred on conversion	(409,030)
Depreciation (note 15)	1,383,578
Capital income re fixed assets transferred on conversion	(15,447,897)
Capital grants from DfE	(70,463)
Interest receivable (note 5)	(1,859)
FRS 17 pension liability on transfer to Academy	882,000
FRS 17 pension costs less contributions payable (note 28)	(2,000)
FRS 17 pension finance income (note 28)	58,000
(Increase)/decrease in debtors	(375,383)
Increase/(decrease) in creditors	709,438
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,155,431</b>

<b>23 Returns on investments and servicing of finance</b>	<b>2013</b>
	<b>£</b>
Interest received	1,859
<b>Net cash inflow/(outflow) from returns on investment and servicing of finance</b>	<b>1,859</b>

<b>24 Capital expenditure and financial investment</b>	<b>2013</b>
	<b>£</b>
Purchase of tangible fixed assets	(239,096)
Capital grants from DfE	70,463
Receipts from sale of tangible fixed assets	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(168,633)</b>

<b>25 Analysis of changes in net funds</b>	<b>Transfer on conversion</b>	<b>Cashflows</b>	<b>At 31 August 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	409,030	988,657	1,397,687
	<u>409,030</u>	<u>988,657</u>	<u>1,397,687</u>

## 26 Contingent liabilities

There are no contingent liabilities that require disclosure

## 27 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

## **28 Pension and similar obligations**

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

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

Contributions amounting to £87,926 were payable to the schemes at 31 August 2013 and are included within creditors

### **Teachers' Pension Scheme**

#### **Introduction**

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) 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

#### **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

## **28 Pension and similar obligations (continued)**

### **Teachers' Pension Scheme (continued)**

The last valuation of the TPS related to the period 1 April 2001 -31 March 2004. The Government Actuary'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 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. 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 was assumed to be 1.5%. The assumed gross rate of return is 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.

## 28 Pension and similar obligations (continued)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £318,000 of which employer's contributions totalled £243,000 and employees' contributions totalled £75,000. The agreed contribution rates for future years are 19.3% for employers and 5.5%-7.5% for employees.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the Local Authority maintained school and new employees who were eligible to, and did, join the Scheme since conversion to academy status on 1 April 2012. 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.

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.

### Principal Actuarial Assumptions

	At 31 August 2013
Rate of increase in salaries	5.10%
Rate of increase for pensions in payment / inflation	2.90%
Discount rate for scheme liabilities	4.70%
Inflation assumption (CPI)	2.90%
Commutation of pensions to lump sums	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,251,000	2,312,000	2,375,000
Projected service cost	216,000	223,000	230,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	2,224,000	2,312,000	2,401,000
Projected service cost	213,000	223,000	234,000

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

	At 31 August 2013
<i>Retiring today</i>	
Males	19.2
Females	23.2
<i>Retiring in 20 years</i>	
Males	21.1
Females	25.1



## 28 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	7.00%	703,000
Gilts	3.50%	122,000
Other bonds	4.40%	41,000
Property	6.00%	61,000
Cash	0.50%	41,000
Other (hedge funds)	5.00%	51,000
<b>Total market value of assets</b>		<b>1,019,000</b>
Present value of scheme liabilities		
- Funded		(2,312,000)
<b>Surplus/(deficit) in the scheme</b>		<b>(1,293,000)</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 (i.e. as at 1 September 2013 for the year to 31 August 2014)

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield 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 £151,000

### Amounts recognised in the statement of financial activities

	2013 £
Current service cost (net of employee contributions)	241,000
Past service cost	-
<b>Total operating charge</b>	<b>241,000</b>

### Analysis of pension finance income / (costs)

Expected return on pension scheme assets	61,000
Interest on pension liabilities	(119,000)
<b>Pension finance income / (costs)</b>	<b>(58,000)</b>

## 28 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities  
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £355,000 loss

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

	2013 £
<b>At 1 April 2012</b>	<b>1,433,000</b>
Current service cost	241,000
Interest cost	119,000
Employee contributions	75,000
Actuarial (gain)/loss	444,000
Estimated benefits paid	-
Past Service cost	-
Curtailments and settlements	-
<b>At 31 August 2013</b>	<b><u>2,312,000</u></b>

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

	2013 £
<b>At 1 April 2012</b>	<b>551,000</b>
Expected return on assets	61,000
Actuarial gain/(loss)	89,000
Employer contributions	243,000
Employee contributions	75,000
Estimated benefits paid	-
<b>At 31 August 2013</b>	<b><u>1,019,000</u></b>

#### Reconciliation of opening and closing deficit

	2013 £	2013 £
<b>Pension deficit at 1 April 2012</b>		<b>(882,000)</b>
Current service cost	241,000	
Employer contributions	<u>(243,000)</u>	
Additional pension cost		2,000
Other finance costs		(58,000)
Actuarial losses		<u>(355,000)</u>
<b>Pension deficit at 31 August 2013</b>		<b><u>(1,293,000)</u></b>

## 28 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2014 is £167,000

The history of experience adjustments is as follows:

	2013 £
Present value of defined benefit obligations	(2,312,000)
Fair value of share of scheme assets	1,019,000
Deficit in the scheme	<u>(1,293,000)</u>
Experience adjustments on share of scheme assets	<u>89,000</u>
Experience adjustments on scheme liabilities	<u>-</u>

## 29 Related party transactions

The membership of the Board of Directors appropriately includes individuals from stakeholder public and private sector organisations and groups. Where it is to the benefit of the academy to use such networking links, from time to time financial transactions will be entered into with organisations in which a member of the governing body may have an interest. All transactions are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The Academy uses the services of AWM Marketing, a business owned by Alun Williams who is a director of the Academy Trust. Transactions totalling £28,050, relating to the provision of consultancy services, took place during the period. There were no amounts outstanding at 31 August 2013.

### **30 Conversion to an academy trust**

On 1 April 2012 Faringdon Community College, Faringdon Junior School and Faringdon Infant School (Local Authority maintained schools) converted to academy trust status under the Academies Act 2010. All the operations and assets and liabilities were transferred to Faringdon Academy of Schools (academy trust) from Oxfordshire County Council 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 ("SOFA") as voluntary income.

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

	<b>Unrestricted funds £</b>	<b>Restricted general fund £</b>	<b>Restricted fixed asset funds £</b>	<b>Total £</b>
Tangible fixed assets				
Leasehold buildings			15,380,124	<b>15,380,124</b>
Other tangible fixed assets			67,773	<b>67,773</b>
Budget surplus on LA funds	285,135		55,742	<b>340,877</b>
Budget surplus on other school funds	68,153			<b>68,153</b>
	<u>353,288</u>	0	<u>15,503,639</u>	<b><u>15,856,927</u></b>
LGPS pension deficit		(882,000)		<b>(882,000)</b>
Net assets	<u>353,288</u>	<u>(882,000)</u>	<u>15,503,639</u>	<b><u>14,974,927</u></b>

The above net assets include £409,030 that was transferred as cash at bank.