

Registered number 08316327

St Edward's Church Of England Academy Trust, Leek

Governors Report and Financial Statements

For the period ended 31 August 2013

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St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

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**St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)**

**Reference and Administrative Details of the Academy, its Governors and Advisers
For the period ended 31 August 2013**

Governors

Mr J Morton, Chair of Governors (elected as Chair 16 October 2013) (appointed 3 December 2012)¹

Rev M Parker, Chair of Governors (resigned as Chair 31 August 2013) (appointed 3 December 2012)¹

Rev J Kime (appointed 3 December 2012, resigned 31 December 2012)

Mrs E Clarke, Principal and Accounting Officer (appointed 1 January 2013)¹

Mr C Abell, Staff Governor (appointed 3 December 2012)¹

Mrs M Collier, Staff Governor (appointed 3 December 2012)

Mrs P Handforth, Staff Governor (appointed 3 December 2012)

Mrs R Bell (appointed 3 December 2012)

Miss A Bennett (appointed 3 December 2012)

Mrs H De Gale (appointed 3 December 2012)

Mrs J Griffiths (appointed 3 December 2012, resigned 8 May 2013)¹

Mr C Hesketh (appointed 3 December 2012)¹

Mr F Murray (appointed 3 December 2012)

Mrs D Potts (appointed 3 December 2012)

Mrs C Simmonds, Responsible Officer (appointed 3 December 2012)

Mr G Torr (appointed 3 December 2012)¹

Mrs J Turner (appointed 3 December 2012)

Mr A Wilson (appointed 3 December 2012, resigned 19 September 2013)

Mr C Worrall (appointed 3 December 2012, resigned 13 January 2013)

Mr K Hollins (appointed 16 September 2013)

Mrs B Tunnicliffe (appointed 16 September 2013)

Mrs C Hall (appointed 16 September 2013)

Miss E Priestman (appointed 16 September 2013)

Mr G Lewis (appointed 16 September 2013)

¹ Members of the Finance Committee

Company registered number

08316327

Principal and registered office

Westwood Road, Leek, Staffordshire, ST13 8DN

Company secretary

Mrs S A Casey

Senior management team

Mrs E Clarke, Principal

Mr J Parrish, Vice Principal

Mrs J Bell, Assistant Principal

Mrs D Haydon, Assistant Principal

Mrs S Casey, Business Manager

Mrs R Rose, Lead Practitioner

Independent auditors

Dains LLP, Suite 2, Albion House, 2 Etruria Office Village, Forge Lane, Etruria, Stoke on Trent, ST1 5RQ

St Edward's Church Of England Academy Trust, Leek
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Reference and Administrative Details of the Academy, its Governors and Advisers
For the period ended 31 August 2013

Advisers (continued)

Bankers

Lloyds TSB Bank plc, Fountain Square, Hanley, Stoke-on-Trent, ST1 1JY

Solicitors

Brown Jacobson, 44 Castle Gate, Nottingham, NG1 7BJ

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Governors' Report
For the period ended 31 August 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of St Edward's Church Of England Academy Trust (St Edward's Academy) for the period 3 December 2012 to 31 August 2013. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 and the Academies Accounts Direction 2012/13 issued by the Education Funding Agency.

Structure, governance and management

Constitution

The academy is a charitable company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Governors are directors of the company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The charitable company is known as St Edward's Academy.

The Charitable Company was incorporated at Companies House on 3 December 2012. A Funding Agreement with the Secretary of State was signed on 21 December 2012 and St Edward's Church Of England Junior High School converted to academy status on 1 January 2013.

The Governors are also the Directors of the Charitable Company for the purposes of company law.

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

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

Principal activities

The aim of the Academy is to advance for the public benefit education in the UK, in particular but without prejudice to the generality of the foregoing by establishing and maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to the arranging for the religious education and daily acts of worship.

**St Edward's Church Of England Academy Trust, Leek
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**Governors' Report (continued)
For the period ended 31 August 2013**

Method of recruitment and appointment or election of trustees

Governors are sought with the approval of the church parish council and by election in the case of parent and staff governors

The members shall appoint a minimum of 13 Governors to include

- a The Incumbent who shall be a Governor ex officio,
- b Two individuals to be appointed by the incumbent in his or her capacity as Members in consultation with the Parochial Church Council of the Parish of Leek and Meerbrook,
- c Eight individuals to be appointed by the Lichfield Diocesan Academies Trust, and
- d Two individuals who are each governors in the Leek Federation to be appointed by Lichfield Diocesan Academies Trust provided that
 - i) A reciprocal arrangement allowing two Governors of the Academy Trust to be appointed governors in the Leek Federation is in place, and
 - ii) Both such persons are, in the opinion of Lichfield Diocesan Academies Trust, committed to the government and success of the Academy

Lichfield Diocesan Academies Trust may not appoint an employee of the Academy Trust as a Governor if the number of Governors who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of Governors

The Members may appoint up to three Staff Governors through such process as they may determine. The Principal and the Incumbent shall be treated for all purposes as being ex officio Governors

Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any questions of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governor which is contested shall be held by secret ballot. The arrangements made for the election of Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he/she prefers, by having his/her ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he/she is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Governor the governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Policies and procedures adopted for the induction and training of Governors

During the year under review since forming the Academy the Full Governing Body held 4 meetings and there were 20 meetings of its various committees. The training and induction provided for new Governors will depend on their existing experience. Courses have been sought for new governors. Where necessary, an induction will provide training on charity and educational, legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided, at an appropriate time, with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. A web area in the Learning Platform exists solely for the purpose of the governors to allow them to focus on key documents, new changes and to keep up to date with minutes of meetings and other key information. The area has a discussion facility.

Organisational structure

The Governing Body will exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academy, addressing such matters as

- policy development and strategic planning, including target-setting to keep up momentum on school improvement
- ensuring sound management and administration of the academy, and ensuring that managers are equipped with relevant skills and guidance
- ensuring compliance with legal requirements
- establishing and maintaining a transparent system of prudent and effective internal controls
- management of the academy's financial, human and other resources (in particular control over the spending identified in the academy's development plan)
- monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon
- helping the academy be responsive to the needs of parents and the community and making it more accountable through consultation and reporting
- maintaining the spiritual guidance of the school as a Church School
- setting the academy's standards of conduct and values
- assessing and managing risk

The structure now consists of three levels the Governors, the Senior Leadership team and the Extended Leadership Group involving support staffs with key positions and the Leaders of learning and Progress leaders who form the middle managers of the Academy. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leaders are the Principal, the Vice Principal, two Assistant Principals, a newly appointed Lead Practitioner and the Finance and Resources Manager. The Lead Practitioner is a new addition to signify the emphasis on Teaching and Learning in the School. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels always contain a governor. Some spending control is devolved to members of the Middle Management Team, with limits above which a Senior Leader must countersign.

The Management Team includes the Senior Leadership Team and Leaders of Learning and Progress Leaders. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Risk management

A SWOT analysis has been carried out by the leadership team along with the Risk compliance audit by the Business Manager and Principal. Strategies have been identified to control and manage risks to the Academy.

The Academy has considerable reliance on continued government funding through the EFA. In 2012/13, 95% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue with all funding from this source. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17. This has reduced risk since the government directive to support the pooling of risk with Local Authorities for the Academy.

The Academy have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (eg teaching, health and safety and in relation to the control of finance). Strategies have been identified to control and manage risk and where significant risk still remains, adequate insurance cover is in place. The Academy has an effective system of internal financial control and this is explained in more detail in the Financial and Risk management objectives and policies statement.

The focus and understanding of risk lies with the creation of the Risk Register. This itemises the level of risk for Strategic and Reputational Risk, Operational Risk, Compliance Risk and Financial Risk. Review of these risks takes place at regular intervals or adapts to changing circumstances. Changing patterns of government finance towards all schools and middle schools in particular has been closely monitored with submissions to Forum and DFE consultations on changing patterns of funding and changes to admission procedures. The Academy also takes an active part in the Staffordshire Middle School Heads and the National Middle Schools Forum to keep updated and submit views to the key funding bodies. The Academy has chosen to maintain a calculated balance of reserves to mitigate any future sudden change in funding.

The Academy has looked at projected numbers for the next two years and based on current provision falling numbers are unlikely but this is constantly under review and forms part of cautious budget planning. The risk of inherited pension deficit for local government workers remains a significant financial risk but this has been offset by the government's direction to local authorities. The government have provided a guarantee that the Department of Education will meet any pension liabilities should an academy close. The risk assessment has therefore meant a more equitable rate from the administering authorities (Michael Gove July 4th 2013 statement to Parliament). In addition a consultation by the DCLG will take place with a view to academies potentially pooling liabilities. We await the outcome of this review.

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Governors' Report (continued)
For the period ended 31 August 2013

Connected organisations, including related party relationships

St Edward's Academy works in collaboration with the Leek Federation and shares idea of policy and best practice. Although separate, we are working together to ensure the best outcomes for all pupils across Leek in their learning and social and emotional well being.

It is also in a collaboration of schools known as Leek Education Partnership. The Collaboration consists of the 19 maintained schools listed below:

St Edward's C E First, Cheddleton
Westwood First School, Leek
Woodcroft First School, Leek
All Saint's CE (VA) First School , Leek
Leek County First School ,Leek
Beresford Memorial CE (VA) First School, Leek
Leek High School
Westwood College
Churnet View Middle School
Waterhouses CE (C) Primary
Blackshaw Moor (CE) VA First School
Rushton (CE) C Primary School
St John's CE (C) Primary School
St Michael's CE (C) First School
Springfield Community Special School
The Meadows
St Batholomew's
Manifold Primary
Hollinsclough Primary

The object of the Collaboration is to enhance the quality of outcomes for the students within our schools, and of the wider community, by working together to:

- Improve teaching and learning
- Provide better quality training opportunities for all staff
- Improve outcomes for young people, in Leek and the surrounding area, by offering a full range of learning opportunities across the 3 – 19 age range. There will be the chance to develop cross – phase curricular developments and address personalisation, to enhance the quality of teaching and learning, for example, work with Able Learners and Special Needs students
- Address more effectively issues relating to families and communities, for example, work with vulnerable families and inclusion
- Tackle issues relating to attainment more effectively across the pyramid by, for example, reducing underachievement
- Examine the potential to offer joint appointments across the schools
- Achieve economies of scale in purchasing policy, for example, catering procurement, ICT technical support, administrative supplies, maintenance work
- Achieve savings in planning and administrative time, and developing the potential for administrative staff who can work with each school
- Enhance strategic planning across all phases
- Seek to develop a shared sense of identity and a common sense of purpose
- Build capacity across all phases
- Join together to access extended services
- Improve further the transition of students between phases

The Academy also liaises with St Mary's Primary which is part of the Painsley Academy chain. The school also works with the Lichfield Diocese and related schools and bodies within this framework to promote the spiritual wellbeing and direction of the Academy.

Objectives and Activities

Objects and aims

The principal object and activity of the charitable company and the operation of St Edward's Academy is to advance, for the public benefit, education and well being for students of different abilities between the ages of 9-13. The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives.

In accordance with the articles of association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2013 are summarised below. St Edward's Academy seeks to ensure that all students aim to maximise their attainment by

- Developing a culture based on high expectations for both academic success and behaviour that supports learning within a spiritual framework
- Creating a set of values and principles which every member of the Academy community must understand and uphold
- Optimising teaching, for example, by cutting out the minutes that are wasted by low level disruption and poor lesson transitions
- Focussing on the basics particularly literacy and numeracy
- Achieving high levels of consistency, our pedagogy, classroom routines and behaviour policies are apparent throughout the Academy
- Seeking to reward effort as well as achievement
- Celebrating and developing resilience and encouraging meta cognition in pupils
- Systematically cultivating aspiration through the use of self reflection and promotion of ideals through shared ideas

Objectives, strategies and activities

St Edward's Academy's aspirations of 'Learn for Life' are reflected in the culture and ethos of the Academy, in the way in which our community is built upon a Christian ethos which promotes sensitivity, tolerance and the appreciation of difference, at the heart of our work is the lifelong education of the young people in our care to the best possible outcome. To this end the activities provided include

- tuition and learning opportunities for all students to attain successful outcomes
- training opportunities and sharing of good practice for all staff designed to improve effectiveness and enhance career progression
- a programme of sporting and after school leisure activities for all students
- involvement in a large range of activities beyond the framework of the classroom and links with the community and church and international experiences

The Academy is committed to sustainable development throughout all aspects of its operations. The Academy will continue to strive to meet or exceed the Sustainable Development in Government targets.

The vision for St Edward's

St Edward's Academy is modelled on the principles of the Christian community, where we value and nurture each individual, believing we are all made in the image of God. In practice, this means aiming for the highest possible standards of academic achievement, combined with the holistic personal development of each student.

- All pupils achieve and are recognised as unique individuals, made in the image of God with specific talents and nurturing needs. Students receive one chance and we take very seriously our role of providing the best possible opportunities for them to gain the most from their time here.
- Excellent teaching encourages intellectual, creative, technological and physical growth. We aim to develop our students' ability to think independently, solve problems, communicate effectively and live happy, fulfilling and successful lives.
- Students are well motivated and recognise the joy of achievement in a safe, orderly and Christian caring environment.
- Parents are encouraged to take an active part in their child's education and in the life of the school in general.
- The varied experiences of pupils provide opportunities to become tolerant and respectful, resilient and resourceful and encourage them to develop the skills required to face the challenges of the future.

Public benefit

The Governors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy.

Employee involvement and employment of disabled persons

The Academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Academy's Equality Statement is published on its website.

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by Senior Leaders and Governors.

Disability statement

The Academy seeks to achieve the objectives set down in the Equality Act 2010 and the relevant parts of the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts of 2001 and 2005. As part of its Asset Management Plan the Academy updates its access audit. A Lift, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all areas. Any new buildings will be fully compliant with all access legislation. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

- a) The Academy has provided information, advice and arranged support where necessary for students with disabilities
- b) There is a list of specialist equipment which the Academy can make available or obtain for use by students and a range of assistive technology is available if required
- c) The admissions policy for all students is described in the Academy charter and on the website. Appeals against a decision not to offer a place are dealt with under the terms of the policy and referred to an independent panel
- e) The Academy has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- f) Counselling and welfare services are available for referral both inside and out of the Academy with the Academy retaining an SLA (Service Level Agreement) with the LST for the local area

Achievements and performance

The Academy is in its first 8 months of operation. Total students in the period ended 31st August 2013 numbered 705. The Academy has obtained agreement from the Department for Education (DfE) for a PAN of 192 students.

The effective and efficient operation of St Edward's Academy is exemplified by some aspects of the student's attainment, achievement and progression.

Attainment of pupils on entry is broadly above average according to national figures at KS1, during their time at the school pupils make very good progress from their baseline test. The proportions making and exceeding the expected number of points is good. Pupils complete the shortened KS3 so three years are contained within two. Results in Year 8 compare favourably with pupils in Year 9 and will exceed county for Year 9 in maths and science at Level 5 and 6 (2013). English is comparable with Level 5 but falls short on Level 6 (2013). This is a developmental target. Staff changes have impacted on this upper level for pupils. All groups of pupils make progress at the expected rate or exceed this.

The Academy has performed well in several areas exceeding National results. The KS2 Reading results of 89% Level 4 + exceeded the National (86%) and the County (85%). The writing was equal to the National average of 83% Level 4 +. The KS3 results show excellent progress from the starting point within Year 5. The KS3 results exceed National standards for Maths (84% Level 5 +) and Science (94% level 5 +) in Year 9 (pupils are Year 8 age). Level 6 + also exceeded the national in both Maths and Science 63% and 63% respectively.

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Governors' Report (continued)
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Achievements and performance (continued)

- There was significant improvement in pupil achievement in English and Maths at KS2 in 2012 when higher-attaining pupils made particularly good progress. In 2013 the level was lower than the previous year but the cohort was identified as weaker, with a higher % of SEN pupils (APS in Yr 4 was 0.52 below). Measures were put in place to support progress. Spending of Pupil Premium to support classes at a lower staff ratio was chosen to offset the expected fall in figures. Reading 89% Level 4+, 42% Level 5+ Maths 79.2% Level 4+, 53.7% Level 5.
- All subgroups show good progress from baseline for Pupil Premium, SEN, More able, and ethnic groups. Point difference for girls and boys on exit is less than 1 point.

Current tracking of progress shows that most year groups are making good progress. Pupils with a statement of SEN make good progress, owing to the excellent support provided by specialist teaching assistants and the links built with specialist agencies. The Academy has also gained success at National Level in the finals for both Year 6 Girls' and Boys' Chess and Year 6 Boy's football.

To ensure that standards are continually raised the Academy operates a programme of observation of lessons and Learning walks, conducts Departmental Reviews and Work Scrutiny, is visited by inspectors and staff from other schools, undertakes a comparison of results from Year 5 to Year 8 with external moderation of entry exam.

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

In its Full Ofsted inspection in June 2010, Ofsted concluded that the Academy was a 'Good school'. 'Pupils make an outstanding contribution to the school and wider community'. The key findings of the inspection were:

(Note: Grade 1 is 'Outstanding' and Grade 2 is 'Good').

Overall effectiveness: how good is the school – Grade 2

Assessment	Inspection Grade
The effectiveness of the Governing Body in challenging and supporting the Academy so that weaknesses are tackled decisively and statutory responsibilities met	2
The effectiveness of the Academy's engagement with parents and carers	2
The effectiveness of partnerships in promoting learning and well-being	2
The effectiveness with which the Academy promotes equality of opportunity and tackles discrimination	2
The effectiveness of safeguarding procedures	1
The effectiveness with which the Academy promotes community cohesion	2
The effectiveness with which the Academy deploys resources to achieve value for money	2
The extent to which pupils feel safe	2
The extent of pupils' spiritual, moral, social and cultural development	2
The extent to which pupils adopt healthy lifestyles	2
The effectiveness of safeguarding procedures	1
The extent to which the curriculum meets pupils' needs, including, where relevant, through partnerships	2
The use of assessment to support learning	3
Effectiveness of care, guidance and support	1
The quality of pupils' learning and their progress	2
Pupils' behaviour	2
The quality of teaching	2

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Governors' Report (continued)
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Going concern

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

Financial review

Financial and risk management objectives and policies

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2013, total expenditure of £2,009,633 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £416,352.

At 31 August 2013 the net book value of fixed assets was £1,211,472 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

On conversion to an academy on 1 January 2013, the Local Government Pension Scheme (LGPS) deficit totalling £678,000 was acquired from St Edward's Church of England Junior High School. At the 31 August 2013, the deficit had increased to £770,000. The agreed contribution rates for future years are 18.6% for employers and 5.5% - 7.5% for employees.

Pupils number this year exceeded the PAN for Year group and projected admission for the future three years are similarly based.

Expenditure has supported the enhancing of the ratios of staff to pupils in order to support better progress in Maths and English. Although this was targeted to Pupil premium pupils all pupils have benefited. The key objectives are to raise the outcomes for all pupils and in particular those pupils with emotional and social issues. Spending money on the Learning Support Centre has supported this aim to reduce the number of pupils excluded and to provide a quicker and easier contact point for pupils. Within this centre there is a Learning Mentor and an educational assistant to support pupils on an individual basis. This has also allowed the integration of pupils from other schools who may have been facing difficulties as they reintegrate into mainstream. The centre also has an area for self reflection by the pupils. The value this has added to the school enhances its attractiveness to parents and generates good publicity and relations. This year the school was oversubscribed for places generating more income. The Learning Support Centre makes it attractive to parents and private care facilities looking to integrate their pupils into mainstream education.

Caution has been held in expenditure on capital projects to allow for an overview of the budget for the first year and a carry over for next. There are three possible development projects in view. Application for the CMF (Capital Maintenance Fund) was refused on the grounds of 1st January 2013 conversion, because the time frame did not allow the provision of plans and costings for the Academy to secure the funding within the timeframe of 4 weeks. Advice had initially said that we would be eligible.

Financial and risk management objectives and policies (continued)

The lettings policy has been changed to secure a better income from letting of the buildings and future changes to sports facilities should improve this income. The letting policy has three tiered levels to create a variable response to community groups and in addition the charges are now hourly and therefore increased flexibility should generate the possibility of renewed further income. It is hoped that the development of an all-weather cricket square will also increase possible letting from the community.

Principal risks and uncertainties

The Academy has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Based on its mission, the Governors and Senior Leadership Team undertake a termly comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Governors and Senior Leadership Team will also consider any risks which may arise as a result of any new area of work being undertaken by the Academy.

The Risk Management Strategy aims to ensure that the Academy complies with risk management best practice and with the requirements of both the Turnbull Guidance and the HM Treasury guidance contained in publication "Management of Risk – Principles and Concepts". St Edward's risk management is embedded in our on-going risk management processes. This will enable us to succeed in our aim which is to achieve an acceptable level of comfort using the available resource and for the Board to be able to report sound arrangements in annual accounts.

The current processes and responsibilities for risk management in St Edward's Academy can be summarised as:

- The Governing Body acknowledges responsibility for the system of internal control
- An on-going process is in place for identifying, evaluating and managing all significant risks
- An annual process is in place for reviewing the effectiveness of the system of internal control
- There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

In assessing what constitutes a sound system of internal control the Governing Body gives consideration to:

- The nature and extent of the risks facing the Academy
- The extent and categories of risk which it regards as acceptable
- The likelihood of the risks concerned materialising
- The Academy's ability to reduce the incidence and impact of the risks that do materialise

The objectives for managing risk across St Edward's Academy are:

- To comply with risk management best practice, including the Turnbull guidelines
- To ensure risks facing the Academy are identified and appropriately documented
- To provide assurance to the Governing Body that risks are being adequately controlled, or identify areas for improvement
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks

The Academy's Risk Management strategy aims to:

- Outline the roles and responsibilities for risk management
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the Academy

Principal risks and uncertainties (continued)

The Principal has overall responsibility for risk management. The Business manager and Principal have lead responsibility for risk management processes and the Academy-wide Risk Register. This responsibility includes

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Strategy & Development Committee and the Full Governing Body

The Risk Register is formally reviewed regularly by the School Business Manager and the Principal. A Risk Management Plan is submitted yearly to the Strategy & Development Committee. The Risk Management Plan is monitored by the Strategy & Development Committee and forms part of that Committee's report to the Full Governing Body.

Our approach to risk management is linked to the Academy's strategic aims and objectives. These have been set and agreed with the Full Governing Body and can be summarised, in our context, as

- High achievement and high value added
- Outstanding leadership and management
- Outstanding infrastructure
- Financial efficiency and excellent value for money
- Inspiring and supportive culture
- Strong community and stakeholder partnerships

The structure and organisation of the Academy's Risk Register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

The Academy's Risk Strategy which is premised around the framework of Risk Management

- Risk governance – sets the tone and culture
- Risk assessment – to identify new and changing risk landscape
- Risk quantification and aggregation – enables prioritisation
- Monitoring and reporting – of performance
- Risk and control optimisation – framework of controls to optimise cost / benefit

For the purposes of this Intervention Strategy the Academy will define its Operational Risk Appetite (ORA) as "the amount and type of risk that The Academy is prepared to seek, accept or tolerate". The Academy has adopted a robust risk management framework and Intervention Strategy. We are seeking to put in place a holistic risk management approach across the organisation. The challenge is how to make incremental improvements that have high value but low impact.

We recognise that an element of risk (innovation) is good for the further development of the institution but understand that the risk needs to be properly controlled and regulated. In simple terms, expressing ORA is a question of defining what is acceptable to The Academy and what is not. This will be achieved within both the Risk Management and Intervention Strategies by deciding, for each type of risk, what is acceptable, what is unacceptable, and the parameters of the area between those two i.e. what is tolerable.

In order to ensure effective monitoring and governance, the risk appetite, and attendant intervention strategies, will incorporate a balanced mix of both quantitative and qualitative measures.

Quantitative Measures – income, expenditure, student numbers

Qualitative Measures – reputation, press relations, management effort

Principal risks and uncertainties (continued)

This approach will be applied across the full range of operational risk framework components (including risk and control self-assessment and scenario analysis) and will provide us with a clear indication of proportional response to the perceived materiality of the associated risk. Specifying a timeframe for resolution will emphasise the perceived urgency and significance of the underlying issue. This will promote a consistent understanding, of risk, across The Academy.

From the perspective of St Edward's Academy as a business there are a number of benefits to be accrued by defining ORA and our intervention strategies as this will

- Enable the Governing Body to exercise appropriate oversight and corporate governance by defining the nature and level of risks it considers acceptable (and unacceptable) and thus setting boundaries for future activities and behaviours
- Provide a means of expressing SLT's attitude to risk, which can then be communicated throughout The Academy as part of promoting a risk aware culture
- Establish a framework for decision making (which risks can be accepted/retained, which risks should be mitigated and by how much) which ensures an appropriate balance between being risk seeking and risk averse
- Improve the allocation of risk management resources by bringing focus to higher priority issues
- Ensure an enhanced view of risk expenditure so that the costs of risk do not exceed the benefits
- Align strategic goals and operational activities through optimising the balance between the development of The Academy and the related risks inherent in pursuing those goals. This will enable the strategy to be put into effect
- Encourage more conscious and effective risk management practices

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors have determined that the appropriate level of free reserves is £50,000. The current level of free reserves is £240,853.

The Academy held fund balances at 31 August 2013 of £857,824 comprising £175,499 of restricted funds, £240,853 of unrestricted general funds, restricted fixed asset funds of £1,211,472 and a pension reserve deficit of £770,000.

Investment policy

Investments are made in compliance with the Academy's Investment Policy. The Directors seek to invest surplus funds in a manner to obtain the best possible return and these are invested with reputable and ethical investors. The aim of the Investment Policy is to maximise returns in order to increase the resources available to our staff so that we can achieve our aim of increasing academic standards.

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Governors' Report (continued)
For the period ended 31 August 2013

Plans for the future

Future developments

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students receive any support they need for the next stage of their education. The Academy will also attempt to increase its recruitment up to the PAN (Pupil Admission Number), accepting transfers from other schools and Academies into all years where possible. This Year 5 exceeded PAN owing to successful appeals.

The Academy aims in the future to provide the opportunity for local groups to use our facilities as a community resource. To achieve this we have drawn up a review of lettings based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the Academy's facilities, curricular materials and the expertise of Academy staff.

Disclosure of information to auditors

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

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the Governing Body on 4/12/13 and signed on its behalf by



Mr J Morton
Chair of Governors

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 4 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr J Morton, Chair of Governors (elected as Chair 16 October 2013)	3	4
Rev M Parker, Chair of Governors (resigned as Chair 31 August 2013)	4	4
Rev J Kime	4	4
Mrs E Clarke, Principal and Accounting Officer	4	4
Mr C Abell, Staff Governor	4	4
Mrs M Collier, Staff Governor	3	4
Mrs P Handforth, Staff Governor	2	4
Mrs R Bell	4	4
Miss A Bennett	2	4
Mrs H De Gale	3	4
Mrs J Griffiths	0	4
Mr C Hesketh	3	4
Mr F Murray	3	4
Mrs D Potts	4	4
Mrs C Simmonds, Responsible Officer	4	4
Mr G Torr	3	4
Mrs J Turner	1	4
Mr A Wilson	4	4
Mr C Worrall	0	0

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to monitor the financial activities of the Academy and make decisions relating to finance. In addition the finance committee has also been given the responsibilities of the audit committee, in order to review the controls over the academy's finances.

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Governance Statement (continued)

Attendance at meetings in the period was as follows

Governor	Meetings attended	Out of a possible
Mr C Hesketh	3	4
Mrs E Clarke	4	4
Rev M Parker	4	4
Mr G Torr	4	4
Mrs J Griffiths	1	4
Mr C Abell	3	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Edward's Church Of England Academy Trust, Leek for the period 3 December 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 3 December 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs C Simmonds, a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The RO has delivered their schedule of work as planned, and no material control issues have been identified.

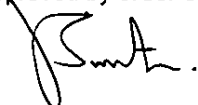
Review of Effectiveness

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

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

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

Approved by order of the members of the Governing Body on 4/12/13 and signed on their behalf, by



Mr J Morton
Chair of Governors



Mrs E Clarke
Accounting Officer

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of St Edward's Church Of England Academy Trust, Leek I have considered my responsibility to notify the academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

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

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



Mrs E Clarke
Accounting Officer

412113

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Governors' Responsibilities Statement
For the period ended 31 August 2013

The Governors (who act as governors of St Edward's Church Of England Academy Trust, Leek and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

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



Mr J Morton
Chair of Governors

Date 4/12/13

**St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)**

Independent Auditors' Report to the Members of St Edward's Church Of England Academy Trust, Leek

We have audited the financial statements of St Edward's Church Of England Academy Trust, Leek 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Independent Auditors' Report to the Members of St Edward's Church Of England Academy Trust, Leek

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



Jonathan Dudley (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ
Date 12 December 2013

**St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)**

Independent Reporting Auditors' Assurance Report on Regularity to St Edward's Church Of England Academy Trust, Leek and the Education Funding Agency

In accordance with the terms of our engagement letter dated 4 October 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 St Edward's Church Of England Academy Trust, Leek during the period 3 December 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 St Edward's Church Of England Academy Trust, Leek and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Edward's Church Of England Academy Trust, Leek 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 St Edward's Church Of England Academy Trust, Leek and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Edward's Church Of England Academy Trust, Leek's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of St Edward's Church Of England Academy Trust, Leek's funding agreement with the Secretary of State for Education dated 21 December 2012, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 3 December 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Independent Reporting Auditors' Assurance Report on Regularity to St Edward's Church Of England
Academy Trust, Leek 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 3 December 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Dains LLP

Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date *12 December 2013*

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Statement of Financial Activities
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
For the period ended 31 August 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income - transfer on conversion	2	236,427	(608,392)	1,219,524	847,559
Other voluntary income	2	420	9,674	-	10,094
Activities for generating funds	3	4,299	-	-	4,299
Investment income	4	283	-	-	283
Incoming resources from charitable activities	5	-	2,107,224	-	2,107,224
Total incoming resources		241,429	1,508,506	1,219,524	2,969,459
Resources expended					
Costs of generating funds					
Fundraising expenses and other costs	6	576	-	-	576
Charitable activities - Academy's educational operations	6,7	-	1,971,830	10,002	1,981,832
Governance costs	8	-	65,227	-	65,227
Total resources expended	6	576	2,037,057	10,002	2,047,635
Net incoming resources / (resources expended) before transfers		240,853	(528,551)	1,209,522	921,824
Transfers between Funds	16	-	(1,950)	1,950	-
Net income/(expenditure) for the year		240,853	(530,501)	1,211,472	921,824
Actuarial loss on defined benefit pension scheme		-	(64,000)	-	(64,000)
Net movement in funds for the year		240,853	(594,501)	1,211,472	857,824
Total funds at 3 December 2012		-	-	-	-
Total funds at 31 August 2013		240,853	(594,501)	1,211,472	857,824

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

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

The notes on pages 29 to 50 form part of these financial statements

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)
Registered number 08316327

Balance Sheet
As at 31 August 2013

	Note	£	2013 £
Fixed assets			
Tangible assets	13		1,211,472
Current assets			
Debtors	14	53,180	
Cash at bank and in hand		570,929	
		<u>624,109</u>	
Creditors amounts falling due within one year	15	(207,757)	
Net current assets			<u>416,352</u>
Total assets less current liabilities			<u>1,627,824</u>
Defined benefit pension scheme liability	24		(770,000)
Net assets including pension scheme liabilities			<u><u>857,824</u></u>
Funds of the academy			
Restricted funds			
Restricted funds	16	175,499	
Restricted fixed asset funds	16	1,211,472	
		<u>1,386,971</u>	
Restricted funds excluding pension liability			
Pension reserve		(770,000)	
		<u>616,971</u>	
Total restricted funds			<u>616,971</u>
Unrestricted funds	16		240,853
Total funds			<u><u>857,824</u></u>

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



Mr J Morton
Chair Of Governors

4/12/13

The notes on pages 29 to 50 form part of these financial statements

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Cash Flow Statement
For the period ended 31 August 2013

		8 months ended 31 August 2013 £
	Note	
Net cash flow from operating activities	18	266,561
Returns on investments and servicing of finance	19	283
Capital expenditure and financial investment	19	(1,950)
Cash transferred on conversion to an academy	19	306,035
Increase in cash in the period		570,929

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

Reconciliation of Net Cash Flow to Movement in Net Funds
For the period ended 31 August 2013

	8 months ended 31 August 2013 £
Increase in cash in the period	570,929
Movement in net funds in the period	570,929
Net funds at 31 August 2013	570,929

The notes on pages 29 to 50 form part of these financial statements

St Edward's Church Of England Academy Trust, Leek
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006

1.2 Going concern

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

1.3 Incoming resources

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1 Accounting Policies (continued)

1.4 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

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

Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.6 Operating leases

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

1. Accounting Policies (continued)

1.7 Taxation

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

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the 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 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.

1.9 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by each funder 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 Education Funding Agency.

1 Accounting Policies (continued)

1.10 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from St Edward's Church Of England Junior High School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for St Edward's Church Of England Academy Trust, Leek. 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.

The net assets transferred include the following

- **Leasehold land**
On the transfer date of 1 January 2013, the academy was gifted the school playing fields by Staffordshire County Council on a 125 year lease. The playing fields value is based upon the desktop valuation provided by the Education Funding Agency (EFA) under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard (FRS) 15. The valuation was carried out by a firm of professional valuers and was commissioned by the EFA as part of a wider review of Academy building valuations. The playing fields have been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet. The governors consider that this is a reasonable basis for inclusion in the financial statements.
- **Other fixed assets**
Other fixed assets have been transferred at their fair value on the conversion date. The other fixed assets have been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet.
- **Local Government Pension Scheme (LGPS) deficit**
The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained school was transferred to St Edward's Church Of England Academy Trust, Leek on 1 January 2013. The deficit on the LGPS scheme has been debited as a donation in the Restricted General Fund column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.
- **Cash**
Cash balances at 1 January 2013 in respect of the maintained school and the school fund were transferred to St Edward's Church Of England Academy Trust, Leek. These cash balances have been credited as a donation in the Statement of financial activities under the Unrestricted Fund and Restricted General Fund columns as appropriate and included within the cash and bank balances on the balance sheet.

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2 Voluntary income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Voluntary income transfer on conversion (note 21)	236,427	611,132	847,559
Donations	420	9,674	10,094
Voluntary income	236,847	620,806	857,653

3. Activities for generating funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Hire of facilities	1,292	-	1,292
Catering surplus	1,787	-	1,787
Solar panel income	1,115	-	1,115
Sale of other goods and services	105	-	105
	4,299	-	4,299

4. Investment income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Investment income	283	-	283

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5 Funding for Academy's educational operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
General annual grant	-	1,928,013	1,928,013
Start up grant	-	25,000	25,000
Pupil Premium	-	67,959	67,959
PE teaching grant	-	5,067	5,067
	-	2,026,039	2,026,039
Other government grants			
Special educational needs	-	13,754	13,754
	-	13,754	13,754
Other income			
Income from staff secondment	-	14,041	14,041
Music tuition fees, revisions guides and other	-	2,966	2,966
Trip income	-	50,424	50,424
	-	67,431	67,431
	-	2,107,224	2,107,224

6. Analysis of resources expended by expenditure type

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £
Fundraising expenses	575	-	-	575
Costs of generating funds	575	-	-	575
Direct Costs	1,398,951	-	120,005	1,518,956
Support costs	155,707	73,005	234,164	462,876
Charitable activities	1,554,658	73,005	354,169	1,981,832
Governance	-	-	65,227	65,227
	1,555,233	73,005	419,396	2,047,634

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7 Charitable Activities - Academy's Educational Operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Direct costs			
Teaching and educational support staff wages and salaries	-	1,134,163	1,134,163
Teaching and educational support staff national insurance	-	85,934	85,934
Teaching and educational support staff pension cost	-	178,854	178,854
Educational supplies	-	37,987	37,987
Staff development	-	8,265	8,265
Trip costs	-	5,701	5,701
Educational trips	-	68,052	68,052
	-	1,518,956	1,518,956
Support costs			
Support staff wages and salaries	-	131,691	131,691
Support staff national insurance	-	6,677	6,677
Support staff pension cost	-	17,339	17,339
Depreciation	-	10,002	10,002
LGPS finance cost	-	18,000	18,000
Insurance - sickness cover	-	15,833	15,833
Technology costs	-	34,876	34,876
Professional services	-	60,566	60,566
Recruitment and support	-	3,561	3,561
Maintenance of premises and equipment	-	27,430	27,430
Cleaning	-	38,771	38,771
Printing, stationery and postage	-	6,138	6,138
Rates	-	7,173	7,173
Water rates	-	4,793	4,793
Heat and light	-	36,565	36,565
Insurance	-	26,769	26,769
Catering	-	12,003	12,003
Telephone	-	2,679	2,679
Other support costs	-	1,990	1,990
Bank interests and charges	-	20	20
	-	462,876	462,876
	-	1,981,832	1,981,832

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8 Governance costs

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	5,750	5,750
Auditors' non audit costs	-	750	750
Legal and professional fees	-	57,477	57,477
Responsible officer audit	-	1,250	1,250
	-	65,227	65,227

9. Net incoming resources

This is stated after charging

	8 months ended 31 August 2013 £
Depreciation of tangible fixed assets	
- owned by the charity	10,002
Auditors' remuneration	5,750
Auditor's remuneration - non-audit	750
Operating leases	5,472

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10 Staff costs

Staff costs were as follows

	8 months ended 31 August 2013 £
Wages and salaries	1,266,430
Social security costs	92,611
Other pension costs (Note 24)	196,192
	<u>1,555,233</u>

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

	8 months ended 31 August 2013 No.
Teaching	30
Support staff	26
Management	6
	<u>62</u>

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

	8 months ended 31 August 2013 No
In the band £70,001 - £80,000	<u>1</u>

The above employee participated in the Teacher's Pension Scheme (TPS) During the period ended 31 August 2013, pension contributions for this member of staff amounted to £6,673

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11. Governors' remuneration and expenses

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, from the academy in respect of their role as Governors. The value of Governors' remuneration, during the 8 month period ended 31 August 2013 fell within the following bands

	8 months ended 31 August 2013 £
Mrs E Clarke, Principal	50,000-55,000
Mrs P Handforth	30,000-35,000
Mr C Abell	25,000-30,000
Mrs M Collier	10,000-15,000

During the period, no Governors received any benefits in kind

During the period, no Governors received any reimbursement of expenses

12 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. This cover is incorporated into the Academy's general insurances policy and therefore the cost can not be separately disclosed.

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

13 Tangible fixed assets

	Leasehold land £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Additions	-	1,950	-	1,950
Transferred on conversion	1,152,977	53,850	12,697	1,219,524
At 31 August 2013	1,152,977	55,800	12,697	1,221,474
Depreciation				
At 3 December 2012	-	-	-	-
Charge for the period	-	7,180	2,822	10,002
At 31 August 2013	-	7,180	2,822	10,002
Net book value				
At 31 August 2013	1,152,977	48,620	9,875	1,211,472

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13 Tangible fixed assets (continued)

On the transfer date of 1 January 2013, the academy was gifted the school playing fields by Staffordshire County Council on a 125 year lease. The playing fields value is based upon the desktop valuation provided by the Education Funding Agency (EFA) under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard (FRS) 15. The valuation was carried out by a firm of professional valuers and was commissioned by the EFA as part of a wider review of Academy building valuations. The playing fields have been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet. The governors consider that this is a reasonable basis for inclusion in the financial statements.

14. Debtors

	2013 £
Other debtors	636
Prepayments and accrued income	40,760
VAT recoverable	11,784
	<u>53,180</u>

15 Creditors

Amounts falling due within one year

	2013 £
Trade creditors	22,911
EFA creditor abatement of GAG	32,346
Other taxation and social security	40,944
Other creditors	35,704
Accruals and deferred income	75,852
	<u>207,757</u>

Deferred income	£
Resources deferred during the year	<u>22,995</u>

At the balance sheet date the academy was holding funds relating to grants for the 2013/14 academic year and trips taking place during the 2013/14 academic year.

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16 Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	-	241,429	(576)	-	-	240,853
Restricted funds						
General Annual Grant (GAG)	-	1,928,013	(1,792,656)	(1,950)	-	133,407
Start Up Grant	-	25,000	(25,000)	-	-	-
Pupil Premium	-	67,959	(67,959)	-	-	-
PE Teaching Grant	-	5,067	(5,067)	-	-	-
Special Educational Needs	-	13,754	(13,754)	-	-	-
Learning Resources	-	9,674	(9,674)	-	-	-
Staff secondment income	-	14,041	(14,041)	-	-	-
Other restricted income	-	2,966	(2,966)	-	-	-
Educational Trips	-	120,032	(77,940)	-	-	42,092
Pension reserve	-	(678,000)	(28,000)	-	(64,000)	(770,000)
	-	1,508,506	(2,037,057)	(1,950)	(64,000)	(594,501)
Restricted fixed asset funds						
Transfer from legacy school	-	1,219,524	(10,002)	-	-	1,209,522
Capital expenditure from GAG	-	-	-	1,950	-	1,950
	-	1,219,524	(10,002)	1,950	-	1,211,472
Total restricted funds	-	2,728,030	(2,047,059)	-	(64,000)	616,971
Total of funds	-	2,969,459	(2,047,635)	-	(64,000)	857,824

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

Unrestricted Funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Governors

Restricted Funds

This fund represents grants received for the Academy's operational activities and development, restricted music income and income for the secondment of a teacher to another school

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16. Statement of funds (continued)

Pension reserve

This fund represents the academy's share of the pension liability arising on the LGPS pension fund

Restricted Fixed Asset Fund

This fund relates to the donation of the leasehold playing fields from the local authority on a 125 year lease, other fixed assets donated on conversion and a small amount of capital expenditure from GAG

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

Summary of funds

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Unrestricted funds	-	241,429	(576)	-	-	240,853
Restricted funds	-	1,508,506	(2,037,057)	(1,950)	(64,000)	(594,501)
Restricted fixed asset funds	-	1,219,524	(10,002)	1,950	-	1,211,472
	<u>-</u>	<u>2,969,459</u>	<u>(2,047,635)</u>	<u>-</u>	<u>(64,000)</u>	<u>857,824</u>

17. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2013	2013	2013	2013
	£	£	£	£
Tangible fixed assets	-	-	1,211,472	1,211,472
Current assets	240,853	383,257	-	624,110
Creditors due within one year	-	(207,758)	-	(207,758)
Pension liability	-	(770,000)	-	(770,000)
	<u>240,853</u>	<u>(594,501)</u>	<u>1,211,472</u>	<u>857,824</u>

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18 Net cash flow from operations

	8 months ended 31 August 2013 £
Net income	921,824
Returns on investments and servicing of finance	(283)
Non cash LGPS deficit transferred on conversion to academy trust	678,000
Non cash donation of tangible fixed assets	(1,219,524)
Depreciation of tangible fixed assets	10,002
Cash transferred on conversion to academy trust	(306,035)
Increase in debtors	(53,180)
Increase in creditors	207,757
FRS 17 adjustments	28,000
Net cash inflow from operations	266,561

19. Analysis of cash flows for headings netted in cash flow statement

	8 months ended 31 August 2013 £
Returns on investments and servicing of finance	
Interest received	283
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(1,950)
Cash transferred on conversion to an academy trust	
Local Authority	231,889
School fund	69,608
Diocese	4,538
Net cash transferred on conversion to an academy trust	306,035

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20 Analysis of changes in net funds

	3 December 2012 £	Cash flow £	31 August 2013 £
Cash at bank and in hand	-	570,929	570,929
Net funds	-	570,929	570,929

21. Major non-cash transactions

During the year, the Academy received donated fixed assets totaling £66,547 and a pension deficit of £678,000. These had no cash effect.

22. Conversion to an academy trust

On 1 January 2013 St Edward's Church Of England Junior High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Edward's Church Of England Academy Trust, Leek from Staffordshire 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 in the Statement of financial activities as voluntary income.

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

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Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land	-	-	1,152,977	1,152,977
Other tangible fixed assets	-	-	66,547	66,547
Budget surplus on school funds	-	69,608	-	69,608
Budget surplus on LA funds	231,889	-	-	231,889
Budget surplus previously held by diocese	4,538	-	-	4,538
LGPS pension deficit	-	(678,000)	-	(678,000)
Net assets/(liabilities)	<u>236,427</u>	<u>(608,392)</u>	<u>1,219,524</u>	<u>847,559</u>

The above net liabilities include £306,035 that were transferred as cash

The leasehold land, being the playing fields have been transferred on a 125 year lease from Staffordshire County Council. The basis of valuation is detailed in the Accounting Policies in note 1

Other tangible fixed assets, being fixtures and fittings and computer equipment, have been transferred to the Academy at their fair value on 1 January 2013

The LGPS pension deficit represents the deficit at 1 January 2013 in respect of employees of the maintained school that have transferred to the academy trust. The basis of this valuation is outlined in the Accounting Policies in note 1, and note 24

23. Capital commitments

At 31 August 2013 the academy had capital commitments as follows

	2013 £
Contracted for but not provided in these financial statements	<u>746</u>

24 Pension commitments

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

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

Contributions amounting to £35,589 were payable to the schemes at 31 August 2013 and are included within creditors.

24. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service

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24. Pension commitments (continued)

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.

During the period ended 31 August 2013 contributions of £134,992 were made to the TPS.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £69,000, of which employer's contributions totalled £52,000 and employees' contributions totalled £17,000. The agreed contribution rates for future years are 18.6% for employers and 5.5 - 7.5% for employees.

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

As described in note 22 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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24. Pension commitments (continued)

The amounts recognised in the Balance sheet are as follows

	8 months ended 31 August 2013 £
Present value of funded obligations	(1,263,000)
Fair value of scheme assets	493,000
	<u>(770,000)</u>
Net liability	<u>(770,000)</u>

The amounts recognised in the Statement of financial activities are as follows

	8 months ended 31 August 2013 £
Current service cost	(62,000)
Interest on obligation	(33,000)
Expected return on scheme assets	15,000
	<u>(80,000)</u>
Total	<u>(80,000)</u>
Actual return on scheme assets	<u>43,000</u>

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

	8 months ended 31 August 2013 £
Transferred on conversion	1,060,000
Current service cost	62,000
Interest cost	33,000
Contributions by scheme participants	17,000
Actuarial Losses	91,000
	<u>1,263,000</u>
Closing defined benefit obligation	<u>1,263,000</u>

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24 Pension commitments (continued)

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

	8 months ended 31 August 2013 £
Transferred on conversion	382,000
Expected return on assets	15,000
Actuarial gains and (losses)	27,000
Contributions by employer	52,000
Contributions by employees	17,000
	<u>493,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £64,000

The academy expects to contribute £78,000 to its Defined benefit pension scheme in 2014

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

	2013
Equities	77.00 %
Bonds	12.00 %
Property	8.00 %
Cash	3.00 %

The expected return at 31 August 2013 on the above scheme assets are as follows

Equities	6.6%
Bonds	4.0%
Property	4.7%
Cash	3.6%

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	6.00 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.80 %
Commutation of pensions to lump sums	75.00 %

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24 Pension commitments (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Change in assumptions at 31 August 2013

0.5% decrease in real discount rate - results in 14% (£172,000) approximate increase to employer liability
 1 year increase in member life expectancy - results in 3% (£38,000) approximate increase to employer liability
 0.5% increase in salary increase rate - results in 7% (£89,000) approximate increase to employer liability
 0.5% increase in pension increase rate - results in 6% (£78,000) approximate increase to employer liability

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

	2013
Retiring today	
Males	21.2
Females	23.4
Retiring in 20 years	
Males	23.3
Females	25.6

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(1,263,000)
Scheme assets	493,000
Deficit	(770,000)
Experience adjustments on scheme assets	27,000

25. Operating lease commitments

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

	2013 £
Expiry date	
Within 1 year	5,508

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26 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she 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

27 Related party transactions

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

28. Ultimate controlling party

The academy is controlled by the Board of Governors