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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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Stonebow Primary School  
(A company limited by guarantee)



**Stonebow**  
Every Child Matters Every Day Counts

**Annual Report and Financial Statements**  
Year ended 31<sup>st</sup> August 2014

FRIDAY



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19/12/2014

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COMPANIES HOUSE

**Company Registration Number**  
**08353034 (England and Wales)**

4 Henley Way  
Doddington Road  
Lincoln  
LN6 3QR  
T 01522 507000  
E [info@lincoln.duntop.co.uk](mailto:info@lincoln.duntop.co.uk)

**DUNCAN  
& TOPLIS**  
CHARTERED ACCOUNTANTS  
AND BUSINESS ADVISERS

Duncan & Toplis is the trading name of Duncan & Toplis Limited, registered in England and Wales, company number 04544710.

Registered Office: 3 Castlegate, Grantham, Lincolnshire, NG31 6SF.

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

A list of the directors of Duncan & Toplis Limited is available on our website and at all offices.

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**REFERENCE AND ADMINISTRATIVE DETAILS**

|                                    |   |
|------------------------------------|---|
| <b>Members</b>                     | Richard Seaman<br>Tim Wilson<br>Jane Fines  |
| <b>Governors</b>                   | Olivia Wood* (Accounting Officer) (resigned 30.04.14)<br>Jane Fines* (Accounting Officer) (appointed 28.04.14)<br>John Hardwick*<br>Tim Willson*<br>Joanna Travis Roberts<br>Richard Seaman* (Chair of Governors)<br>Jared Deacon (resigned 26.11.13)<br>Amie Tyers*<br>Roy Campsall (resigned 12.03.14)<br>Paul Sykes*<br>Christine Cunningham<br>Stephen Cook*<br>Dawn Rose<br>Siobhan Hunter<br>Marie Donaghy (resigned 04.12.13)<br>Andrew Travis<br>Mahwish Khan (resigned 08.10.13)<br><br><i>*members of the Finance Committee</i> |
| <b>Senior Management Team</b>      |   |
| Head Teacher                       | Jane Fines  |
| Assistant Head Teacher             | Hazel Wood  |
| Assistant Head Teacher             | Bina Mistry   |
| <b>Registered Office</b>           | Stonebow Close<br>Loughborough<br>Leicestershire<br>LE11 4ZH  |
| <b>Company Registration Number</b> | 08353034  |
| <b>Auditors</b>                    | Duncan & Toplis Limited<br>4 Henley Way<br>Doddington Road<br>Lincoln<br>LN6 3QR  |

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**Bankers**

NatWest  
Loughborough Branch  
Market Place  
Loughborough  
LE11 3NZ

**Solicitors**

Legal Department  
Leicestershire County Council  
County Hall  
Glenfield  
Leicester  
LE3 8RT

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**GOVERNORS' REPORT**

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 1 September 2013 to 31 August 2014. The annual report serves the purpose of both a Governors' report and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Loughborough. It has a pupil capacity of 336 and a roll of 303 in the school census on May 2014.

**Structure, Governance and Management**

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Governors of Stonebow Primary School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Stonebow Primary School.

Details of the Governors who served throughout the year 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

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

In accordance with normal commercial practice the Academy Trust 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 million on any one claim.

Principal Activities

The principal activity of the Academy Trust is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a primary Academy offering a broad and balanced curriculum.

The principal activity of the Academy is to provide free education for pupils of different abilities between the ages of 4 and 11 with an emphasis on performing arts.

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*Method of Recruitment and Appointment or Election of Governors*

On conversion to Academy from 1st February 2013 the Governors appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended. The Academy's Governing Body comprises the Head Teacher, a minimum of two Parent Governors, up to five Staff Governors.

Governors are appointed for a four year period, except that this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Governing Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Governing Board has the necessary skills to contribute fully to the Academy's development.

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

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As new Governors are infrequent then induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

*Organisational Structure*

The Board of Governors meets twice in the Autumn and Spring terms and once in the Summer term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board of Governors may from time to time establish working groups to perform specific tasks over a limited timescale.

There are four committees as follows:

- Finance Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit.
- Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Personnel Committee – this meets as required to review staffing structures in consultation with the Head Teacher and to discuss and resolve staffing, human resources and personnel issues.
- Premises and Health and Safety Committee.

The following decisions are reserved to the Board of Governors:

- to consider any proposals for changes to the status or constitution of the Academy and its committee structure;
- to appoint or remove the chairman and / or vice chairman;

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- to appoint the Head Teacher and clerk to the Governors; and
- to approve the Annual Development Plan and budget.

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

The Academy has a leadership structure which consists of the Governors and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Head Teacher and two assistant Head Teachers. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them.

The Head Teacher and Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to budget holders which must be authorised in line with the Scheme of Delegation. The Head Teacher is responsible for the appointment of staff and a Governor presence is required for senior appointments. The Head Teacher is the Accounting Officer.

#### Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is monitored annually by the Internal Audit Department at Leicestershire County Council.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

#### Connected Organisations, including Related Party Relationships

Playfit, the before and after school childcare club use the Academy's facilities.

The Academy is part of the Loughborough Development Group (LDG) which incorporates all of the schools in the town, primary and secondary. The Academy also has strong collaborative links with the Academy group LPAP (Loughborough Primary Academy Partnership).

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There are no related parties which either control or significantly influence the decisions and operations of the Academy.

The Academy has an active Parents' association, Friends of Stonebow.

Currently there are no sponsors associated with the Academy.

### **Objective and Activities**

#### Objects and aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing and maintaining a broad, creative and balanced curriculum catering for all children's' needs, regardless of their academic ability, social or cultural background.

The principal object and activity of the Charitable Company is the operation of Stonebow Primary School to provide free education and care for pupils of different abilities between the ages of 4 and 11.

The aims of the Academy during the year ended 31 August 2014 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to provide a broad and balanced curriculum, including extra curricular activities;
- to develop students as more effective and resilient learners;
- to develop the Academy site so that it enables students to achieve their full potential;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to maximise the number of students who achieve age related grades at KS1 and KS2 in English and Mathematics;
- to provide value for money for the funds expended;
- to develop relationships with the LPAP (Loughborough Primary Academy Partnership) primary schools and contribute to developments particularly in English and Mathematics
- to comply with all appropriate statutory and curriculum requirements;
- to develop the Academy's capacity to manage change; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Stonebow Primary School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should have pride in being part of a happy and caring environment.

#### Objectives, strategies and activities

Key priorities for the year are contained in our School Development Plan. Improvement focuses identified for this year include:

- improving achievement;
- improving the quality of teaching and learning;



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- further develop the 'talk for writing' programme;
- increasing pupil engagement and raising achievement.

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and maximising the use of extra funding brought about by Academy status.

**Public Benefit**

The Governors confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Loughborough and the surrounding area. As an Academy we have a duty to support other schools. We support these schools through use of our premises and specialist skills in mathematics, music and MFL.

**STRATEGIC REPORT**

**Achievements and Performance**

The total number of students in the year ended 31 August 2014 was 303. This is forecast to rise next year as a result of larger cohorts coming in at the bottom of the school.

In 2014, the percentage of pupils achieving the expected standard in the Year One Phonics Screening was 63%.

In Year 2 Teacher Assessments were:

**In reading:**

88% at 2B+

35% at 3+

**In writing:**

71% at 2B+

17% at 3+

**In mathematics:**

83% at 2B+

21% at 3+

At KS2 SAT results in 2014 dipped in all areas due to a complex cohort with 16% EAL, 22% SEN (inc two pupils with Statements of SEN) and 30% pupils eligible for Pupil Premium Grant

The percentage of pupils making 2 levels progress in mathematics was 95%, in reading 76% and in writing 92%. Improving reading is a significant area of school improvement in 2014 / 15.

To ensure that standards are continually maintained and improved, the Academy operates a programme of lesson observations, work scrutinies and learning walks which are undertaken by the Senior Leadership Team. The turbulence in staffing and leadership roles, including the appointment of a new Head Teacher in April 2014 is also significant in contributing to what has been a challenging year for the Academy.

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There is a robust system of Performance Management for all teaching and support staff which is linked to the Academy's priorities. Performance Management interviews are conducted by the Head Teacher for all teaching staff and the Senior Learning Support Assistant for all classroom support staff. The Performance Management Policy complies with the Teachers Pay and Conditions documentation.

An external advisor is employed annually to assist PM Governors to conduct the Head Teacher's Performance Management.

Key Performance Indicators

The key performance indicators are considered within the strategic report and financial review.

Going Concern

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

**Financial Review**

Most of the Academy's income is obtained from the DfE via the Educational Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year from 1<sup>st</sup> September 2013 to 31st August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2014, total expenditure of £1,279,127 was covered by recurrent grant funding from the DfE. Incoming resources for the year totalled £1,291,248 (excluding restricted fixed asset funds). The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £12,121.

At 31 August 2014 the net book value of fixed assets was £2,562,741 and movements in tangible fixed assets are shown in Note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves Policy

The Governing Body are developing a Reserves policy, which takes into account the future plans of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 27 to the financial statements.

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*Investment Policy*

The Finance Committee of the Governing Body, alongside the Academy's Finance Officer is currently exploring ways to ensure that all funds surplus to immediate requirements are invested to optimal effect. The Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds will be delegated to the Head Teacher and Finance Director within strict guidelines approved by the Governing Body.

*Financial and Risk Management Objectives and Policies*

The Academy has agreed a Risk Management Strategy, a Risk Register and a Business Continuity Plan. These have been discussed by Governors and include the financial risks to the Academy.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 27 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimized

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is 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. Changes in special educational needs funding will impact over the next few years.

Failures in governance and / or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely-monitored and reviewed.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

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Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed the Internal Audit Department at Leicestershire County Council to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

**Plans for Future Periods**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.


The Academy will continue to promote a wide range of extra-curricular activities and seek to increase student engagement in these activities.

**Auditor**

In so far as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating strategic report, approved by order of the members of the Governing Body on 8 December 2014 and signed on the board's behalf by:

  
.....  
**Tim Wilson**  
**Chair of Finance**

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Head Teacher, 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 Stonebow Primary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**Governance**

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

| <b>Governor</b>                    | <b>Meetings attended</b> | <b>Out of a possible</b> |
|------------------------------------|--------------------------|--------------------------|
| Mrs O Wood (resigned 30.04.14)     | 5                        | 5                        |
| Mrs J Travis Roberts               | 4                        | 7                        |
| Mr P Sykes                         | 6                        | 7                        |
| Mr T Willson                       | 6                        | 7                        |
| Mr S Cook                          | 6                        | 7                        |
| Mrs S Hunter                       | 6                        | 7                        |
| Mrs M Donaghy (resigned 04.12.13)  | 3                        | 3                        |
| Mr R Campsall (resigned 12.03.14)  | 2                        | 4                        |
| Mr J Deacon (resigned 26.11.13)    | 3                        | 3                        |
| Mrs C Cunningham                   | 6                        | 7                        |
| Mr R Seaman                        | 6                        | 7                        |
| Mr J Hardwick                      | 6                        | 7                        |
| Mrs D Rose                         | 4                        | 7                        |
| Miss A Tyers                       | 3                        | 7                        |
| Mr A Travis                        | 2                        | 2                        |
| Mrs S J Fines (appointed 28.04.14) | 2                        | 2                        |

The Finance Committee is a sub-committee of the main Governing Body. The Finance Committee meets at least once per term to review finances against budget. They:

- monitor all budgets and prepare annual budgets for the Governing Body;
- monitor financial activities and respond to reports from the Responsible Officer and auditors; and
- manage any tenders and carry out scrutiny of purchases to seek best value for money;
- ensure that all policies and procedures relating to finance are reviewed and amended as appropriate;
- contribute to the Academy Development Plan and ensure that long term projects adopted by the Governing Body are detailed in the plan;
- Provide guidance and assistance to the Head Teacher and the Governing Body in matters relating to budgeting and finance within the EFA Academies Financial Handbook;

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- Determine the written description of the Academy's financial systems and procedures (taking into account the Academies Financial Handbook);
- Ensure that the annual audit of the School fund is carried out and the outcome is reported to the Governing Body;
- Ensure insurance arrangements are appropriate and sufficient;
- Are aware of funding opportunities and how these can be accessed;
- Authorise all write-offs and disposals of surplus stock and equipment in accordance with the Academy's Finance Regulations and ensure that such decisions are included in the annual inventory check report to the Governing Body.

Attendance at meetings during the year was as follows:

| <b>Governor</b>             | <b>Meetings attended</b> | <b>Out of a possible</b> |
|-----------------------------|--------------------------|--------------------------|
| Mr P Sykes ( <i>Chair</i> ) | 6                        | 6                        |
| Mr T Willson                | 5                        | 6                        |
| Mr J Hardwick               | 4                        | 6                        |
| Mr R Seaman                 | 5                        | 6                        |
| Miss A Tyers                | 5                        | 6                        |
| Mr S Cook                   | 3                        | 5                        |
| Mrs O Wood                  | 4                        | 4                        |
| Mrs J Fines                 | 2                        | 2                        |

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stonebow Primary School for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;

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- 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;
- 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 Leicestershire County Council audit department, as Responsible Office (RO).

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, the Responsible Officer will report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

#### **Review of Effectiveness**

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Finance Officer who has 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 8 December 2014 and signed on its behalf by:



.....  
**Tim Wilson**  
**Chair of Finance**

  
.....  
**Jane Fines**  
**Accounting Officer**

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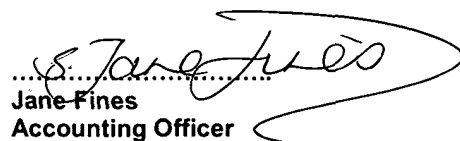
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Stonebow Primary School I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Governing Body.

  
.....  
Jane Fines  
Accounting Officer

8 December 2014



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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who act as Governors of Stonebow Primary School 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 on 8 December 2014 and signed on its behalf by:



.....  
**Tim Wilson**  
**Chair of Finance**

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF STONEBOW PRIMARY SCHOOL**

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We have audited the financial statements of Stonebow Primary School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 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.

**UNQUALIFIED OPINION**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

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

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**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

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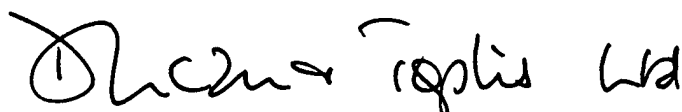
**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF STONEBOW PRIMARY SCHOOL**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Timothy Godson FCA (Senior statutory auditor)

for and on behalf of

**Duncan and Toplis Limited**

Chartered accountants and statutory auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR  
8 December 2014

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 19 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stonebow Primary School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Stonebow Primary School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stonebow Primary School and 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 Stonebow Primary School and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Stonebow Primary School's funding agreement with the Secretary of State for Education dated 27 July 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by 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.

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

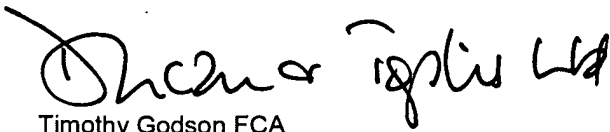
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO STONEBOW  
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

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



Timothy Godson FCA

**Duncan and Toplis Limited**

Chartered accountants and statutory auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR

Date: 8 December 2014.

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

|  | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Restricted<br>fixed asset<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| <b>INCOMING RESOURCES</b>                      |      |                                    |                                  |   |                             |                             |
| Incoming resources from generated funds:       |      |                                    |                                  |   |                             |                             |
| Voluntary income                               | 2    | 30,582                             | -                                | -   | 30,582                      | 4,168                       |
| Activities for generating funds                | 3    | 42,893                             | 587                              | -   | 43,480                      | 13,012                      |
| Incoming resources from charitable activities  | 4    | -                                  | 1,209,856                        | 7,330   | 1,217,186                   | 721,199                     |
| Transfer from predecessor school               | 5    | -                                  | -                                | -   | -                           | 2,449,737                   |
|  |      | <u>73,475</u>                      | <u>1,210,443</u>                 | <u>7,330</u>                                    | <u>1,291,248</u>            | <u>3,188,116</u>            |
| <b>RESOURCES EXPENDED</b>                      |      |                                    |                                  |   |                             |                             |
| Charitable activities                          |      | 58,630                             | 1,144,113                        | 53,091  | 1,255,834                   | 667,254                     |
| Governance costs                               | 7    | -                                  | 23,293                           | -   | 23,293                      | 26,645                      |
|  |      | <u>58,630</u>                      | <u>1,167,406</u>                 | <u>53,091</u>                                   | <u>1,279,127</u>            | <u>693,899</u>              |
| <b>TOTAL RESOURCES EXPENDED</b>                | 10   | <b>58,630</b>                      | <b>1,167,406</b>                 | <b>53,091</b>                                   | <b>1,279,127</b>            | <b>693,899</b>              |
| <b>NET INCOMING RESOURCES BEFORE TRANSFERS</b> |      | <b>14,845</b>                      | <b>43,037</b>                    | <b>(45,761)</b>                                 | <b>12,121</b>               | <b>2,494,217</b>            |

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

|   | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Restricted<br>fixed asset<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Transfers between Funds   | 20   | (13,012)                           | (12,491)                         | 25,503  | -                           | -                           |
| <b>NET INCOME FOR THE YEAR</b>                                      |      | <b>1,833</b>                       | <b>30,546</b>                    | <b>(20,258)</b>                                 | <b>12,121</b>               | <b>2,494,217</b>            |
| Actuarial gains and losses on<br>defined benefit pension<br>schemes |      | -                                  | (108,000)                        | -   | (108,000)                   | (11,000)                    |
| <b>NET MOVEMENT IN FUNDS<br/>FOR THE YEAR</b>                       |      | <b>1,833</b>                       | <b>(77,454)</b>                  | <b>(20,258)</b>                                 | <b>(95,879)</b>             | <b>2,483,217</b>            |
| <i>Total funds at 1 September<br/>2013</i>                          |      | <i>105,516</i>                     | <i>(220,014)</i>                 | <i>2,597,715</i>                                | <i>2,483,217</i>            | <i>-</i>                    |
| <b>TOTAL FUNDS AT 31<br/>AUGUST 2014</b>                            |      | <b>107,349</b>                     | <b>(297,468)</b>                 | <b>2,577,457</b>                                | <b>2,387,338</b>            | <b>2,483,217</b>            |

All activities relate to continuing operations.

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

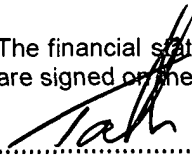
The notes on pages 24 to 46 form part of these financial statements.

**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08353034**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

|   | Note | £                | 2014<br>£               | £                | 2013<br>£               |
|---|------|------------------|-------------------------|------------------|-------------------------|
| <b>FIXED ASSETS</b>                                   |      |                  |                         |                  |                         |
| Tangible assets                                       | 17   |                  | 2,562,741               |                  | 2,590,329               |
| <b>CURRENT ASSETS</b>                                 |      |                  |                         |                  |                         |
| Debtors   | 18   | 38,624           |                         | 165,993          |                         |
| Cash at bank  |      | 259,792          |                         | 73,571           |                         |
|   |      | <u>298,416</u>   |                         | <u>239,564</u>   |                         |
| <b>CREDITORS:</b> amounts falling due within one year | 19   | (79,819)         |                         | (76,676)         |                         |
| <b>NET CURRENT ASSETS</b>                             |      |                  | <u>218,597</u>          |                  | <u>162,888</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                  | <u>2,781,338</u>        |                  | <u>2,753,217</u>        |
| Defined benefit pension scheme liability              | 26   |                  | <u>(394,000)</u>        |                  | <u>(270,000)</u>        |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>  |      |                  | <u><u>2,387,338</u></u> |                  | <u><u>2,483,217</u></u> |
| <b>FUNDS OF THE ACADEMY</b>                           |      |                  |                         |                  |                         |
| Restricted funds:                                     |      |                  |                         |                  |                         |
| Restricted funds                                      | 20   | 96,532           |                         | 49,986           |                         |
| Restricted fixed asset funds                          | 20   | 2,577,457        |                         | 2,597,715        |                         |
|   |      | <u>2,673,989</u> |                         | <u>2,647,701</u> |                         |
| Restricted funds excluding pension liability          |      |                  |                         |                  |                         |
| Pension reserve                                       |      | <u>(394,000)</u> |                         | <u>(270,000)</u> |                         |
| Total restricted funds                                |      |                  | <u>2,279,989</u>        |                  | <u>2,377,701</u>        |
| Unrestricted funds                                    | 20   |                  | <u>107,349</u>          |                  | <u>105,516</u>          |
| <b>TOTAL FUNDS</b>                                    |      |                  | <u><u>2,387,338</u></u> |                  | <u><u>2,483,217</u></u> |

The financial statements were approved by the Governors, and authorised for issue, on 8 December 2014 and are signed on their behalf, by:

  
.....  
**Tim Wilson**  
**Chair of Finance**

The notes on pages 24 to 46 form part of these financial statements.



**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

|  | Note | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|--|------|--------------------------------------|--|
| Net cash flow from operating activities      | 22   | 211,724                              | 67,900                                 |
| Capital expenditure and financial investment | 23   | (25,503)                             | (23,222)                               |
| <b>INCREASE IN CASH IN THE YEAR</b>          |      | <b>186,221</b>                       | <b>44,678</b>                          |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2014**

|  | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|--|--------------------------------------|--|
| Increase in cash in the year             | 186,221                              | 44,678                                 |
| <b>MOVEMENT IN NET FUNDS IN THE YEAR</b> | <b>186,221</b>                       | <b>44,678</b>                          |
| Net funds at 1 September 2013            | 73,571                               | 28,893                                 |
| <b>NET FUNDS AT 31 AUGUST 2014</b>       | <b>259,792</b>                       | <b>73,571</b>                          |

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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.

**1.4 Resources expended**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 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 not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

|                           |   |                   |
|---------------------------|---|-------------------|
| L/Term Leasehold Property | - | 2% straight line  |
| Fixtures and fittings     | - | 25% straight line |
| Computer equipment        | - | 33% straight line |

**1.7 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.8 Taxation**

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

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**STONEBOW PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes 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 26, 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.

**1.10 Realignment of comparatives**

Following revisions to the EFA Accounts Direction, certain expenses in 2013/14 have been classified on a different basis to 2012/13. Where such differences arise, comparatives have been realigned to accord with 2013/14 classifications.

**2. VOLUNTARY INCOME**

|                        | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations              | 9,826                              | -                                | 9,826                       | 4,168                       |
| Other voluntary income | 20,756                             | -                                | 20,756                      | -                           |
|                        | <hr/>                              | <hr/>                            | <hr/>                       | <hr/>                       |
| Voluntary income       | 30,582                             | -                                | 30,582                      | 4,168                       |
|                        | <hr/>                              | <hr/>                            | <hr/>                       | <hr/>                       |

**STONEBOW PRIMARY SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**3. ACTIVITIES FOR GENERATING FUNDS**

|                                      | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings income                      | 874                                | -                                | 874                         | 511                         |
| Catering income                      | 31,249                             | -                                | 31,249                      | -                           |
| Sale of goods                        | -                                  | -                                | -                           | 269                         |
| Receipts from staff insurance claims | -                                  | 587                              | 587                         | 3,291                       |
| Other income                         | 10,770                             | -                                | 10,770                      | 8,941                       |
|                                      | <u>42,893</u>                      | <u>587</u>                       | <u>43,480</u>               | <u>13,012</u>               |

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

|  | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Funding for the Academy's educational operations | -                                  | 1,217,186                        | 1,217,186                   | 721,199                     |
|  | <u>-</u>                           | <u>1,217,186</u>                 | <u>1,217,186</u>            | <u>721,199</u>              |

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

|                                 | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>DfE/EFA revenue grants</b>   |                                    |                                  |                             |                             |
| General Annual Grant (GAG)      | -                                  | 1,084,189                        | 1,084,189                   | 636,365                     |
| Start Up Grant                  | -                                  | -                                | -                           | 25,000                      |
| Pupil Premium                   | -                                  | 74,143                           | 74,143                      | 31,103                      |
| Devolved Formula Capital grant  | -                                  | 7,330                            | 7,330                       | 7,386                       |
| SEN 1-1 Funding                 | -                                  | 42,304                           | 42,304                      | 18,945                      |
| Other government revenue grants | -                                  | 9,220                            | 9,220                       | 2,400                       |
|                                 | <u>-</u>                           | <u>1,217,186</u>                 | <u>1,217,186</u>            | <u>721,199</u>              |

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**5. OTHER INCOMING RESOURCES**

|                        | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Transfer on conversion | -                                  | -                                | -                           | 2,449,737                   |

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

|  | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Funding for the Academy's educational operations | 58,630                             | 1,197,204                        | 1,255,834                   | 667,254                     |

**SUMMARY BY EXPENDITURE TYPE**

|  | Staff costs<br>2014<br>£ | Depreciation<br>2014<br>£ | Other costs<br>2014<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|--|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Funding for the Academy's educational operations | 972,431                  | 53,091                    | 230,312                  | 1,255,834          | 667,254            |

**7. GOVERNANCE COSTS**

|   | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Governance Auditors' remuneration         | -                                  | 6,000                            | 6,000                       | 5,500                       |
| Governance Auditors' non audit costs      | -                                  | 2,316                            | 2,316                       | 2,400                       |
| Legal and professional fees               | -                                  | 10,153                           | 10,153                      | 14,870                      |
| Personnel fees                            | -                                  | 4,509                            | 4,509                       | 3,875                       |
| Governance - Trustees expenses reimbursed | -                                  | 315                              | 315                         | -                           |
|   | -                                  | 23,293                           | 23,293                      | 26,645                      |

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**8. DIRECT COSTS**

|                         | Funding for<br>the<br>Academy's<br>educational<br>operations<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|-------------------------|---|--------------------|--------------------|
| Educational supplies    | 35,024  | 35,024             | 18,363             |
| Technology costs        | 10,176  | 10,176             | 8,887              |
| Staff development       | 17,276  | 17,276             | 7,985              |
| Educational consultancy | 1,155   | 1,155              | -                  |
| Other costs             | 4,949   | 4,949              | 1,123              |
| Wages and salaries      | 723,217   | 723,217            | 391,301            |
| National insurance      | 41,664  | 41,664             | 24,640             |
| Pension cost            | 111,009   | 111,009            | 59,369             |
| Depreciation            | 53,091  | 53,091             | 28,893             |
|                         | <u>997,561</u>  | <u>997,561</u>     | <u>540,561</u>     |

**9. SUPPORT COSTS**

|                                       | Funding for<br>the<br>Academy's<br>educational<br>operations<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|---------------------------------------|---|--------------------|--------------------|
| Other finance income less expenses    | 9,000   | 9,000              | 7,000              |
| Technology costs                      | 2,457   | 2,457              | 3,978              |
| Recruitment and support               | -   | -                  | 11,923             |
| Maintenance of premises and equipment | 16,780  | 16,780             | 8,202              |
| Cleaning                              | 4,000   | 4,000              | 1,023              |
| Rent and rates                        | 25,510  | 25,510             | 4,185              |
| Energy costs                          | 14,726  | 14,726             | 8,716              |
| Insurance                             | 20,773  | 20,773             | 12,990             |
| Security                              | 2,038   | 2,038              | 745                |
| Telephone, postage and stationery     | 3,019   | 3,019              | 2,864              |
| Catering                              | 53,343  | 53,343             | 8,886              |
| Other costs                           | 2,874   | 2,874              | 1,730              |
| Bank interest and charges             | 10  | 10                 | 200                |
| Operating leases - other              | 7,202   | 7,202              | 5,996              |
| Wages and salaries                    | 79,839  | 79,839             | 40,626             |
| National insurance                    | 2,380   | 2,380              | 2,285              |
| Pension cost                          | 14,322  | 14,322             | 5,343              |
|                                       | <u>258,273</u>  | <u>258,273</u>     | <u>126,692</u>     |



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**10. RESOURCES EXPENDED**

|  | Staff costs    | Non Pay<br>Expenditure<br>Other costs | Total            | Total          |
|--|----------------|---------------------------------------|------------------|----------------|
|  | 2014           | 2014                                  | 2014             | 2013           |
|  | £              | £                                     | £                | £              |
| Funding for the Academy's educational operations                 | 875,890        | 121,671                               | 997,561          | 667,254        |
| Support costs - Funding for the Academy's educational operations | 96,541         | 161,732                               | 258,273          | 119,692        |
| <b>Charitable activities</b>                                     | <b>972,431</b> | <b>283,403</b>                        | <b>1,255,834</b> | <b>786,946</b> |
| <b>Governance</b>  | <b>-</b>       | <b>23,293</b>                         | <b>23,293</b>    | <b>26,645</b>  |
|  | <b>972,431</b> | <b>306,696</b>                        | <b>1,279,127</b> | <b>813,591</b> |

**11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

|  | Activities<br>undertaken<br>directly | Support<br>costs | Total     | Total   |
|--|--------------------------------------|------------------|-----------|---------|
|  | 2014                                 | 2014             | 2014      | 2013    |
|  | £                                    | £                | £         | £       |
| Funding for the Academy's educational operations | 997,561                              | 258,273          | 1,255,834 | 667,254 |

**12. NET INCOMING RESOURCES**

This is stated after charging:

|  | Year ended<br>31 August<br>2014 | Period ended<br>31 August<br>2013 |
|--|---------------------------------|-----------------------------------|
|  | £                               | £                                 |
| Depreciation of tangible fixed assets:<br>- owned by the charity | 53,091                          | 28,893                            |
| Auditors' remuneration   | 6,000                           | 3,150                             |

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**13. STAFF**

**a. Staff costs**

Staff costs were as follows:

|                               | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|-------------------------------|--------------------------------------|--|
| Wages and salaries            | 803,056                              | 431,927                                |
| Social security costs         | 44,044                               | 26,925                                 |
| Other pension costs (Note 26) | 125,331                              | 64,712                                 |
|                               | <u>972,431</u>                       | <u>523,564</u>                         |
| Supply teacher costs          | (17,261)                             | (8,888)                                |
|                               | <u>955,170</u>                       | <u>514,676</u>                         |

**b. Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

|                               | Year ended<br>31 August<br>2014<br>No. | Period ended<br>31 August<br>2013<br>No. |
|-------------------------------|--|--|
| Teachers                      | 13                                     | 13                                       |
| Admin, support and management | 18                                     | 18                                       |
|                               | <u>31</u>                              | <u>31</u>                                |

**c. Higher paid staff**

No employee received remuneration amounting to more than £60,000 in either year.

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**14. 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, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

|                                | Year ended<br>31 August<br>2014<br>£'000 | Period ended<br>31 August<br>2013<br>£'000 |
|--------------------------------|--|--|
| Mrs O Wood, Principal          | 35-40                                    | 35-40                                      |
| Mr S Cook, Staff Governor      | 35-40                                    | 15-20                                      |
| Mrs Cunningham, Staff Governor | 40-45                                    | 20-25                                      |
| Mrs M Donaghy, Staff Governor  | 10-15                                    | 15-20                                      |
| Mrs D Rose, Staff Governor     | 10-15                                    | 5-10                                       |
| Mrs S Hunter, Staff Governor   | 10-15                                    | 5-10                                       |
| Mrs J Fines, Principal         | 15-20                                    |  |

During the year, no Governors received any benefits in kind (2013 - £NIL).

During the year ended 31 August 2014, expenses totalling £315 (2013 - £NIL) were reimbursed to 4 Governors (2013 - 0 ).

**15. 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £945 (2013 - £646). The cost of this insurance is included in the total insurance cost.

**16. OTHER FINANCE INCOME**

|  | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|--|--------------------------------------|--|
| Expected return on pension scheme assets | 17,000                               | 7,000                                  |
| Interest on pension scheme liabilities   | (26,000)                             | (14,000)                               |
|  | <u>(9,000)</u>                       | <u>(7,000)</u>                         |

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**17. TANGIBLE FIXED ASSETS**

|                       | L/Term<br>Leasehold<br>Property<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£       |
|-----------------------|--------------------------------------|-------------------------------|----------------------------|------------------|
| <b>Cost</b>           |                                      |                               |                            |                  |
| At 1 September 2013   | 2,603,431                            | 8,820                         | 6,971                      | 2,619,222        |
| Additions             | 9,144                                | 5,280                         | 11,079                     | 25,503           |
| At 31 August 2014     | <u>2,612,575</u>                     | <u>14,100</u>                 | <u>18,050</u>              | <u>2,644,725</u> |
| <b>Depreciation</b>   |                                      |                               |                            |                  |
| At 1 September 2013   | 26,872                               | 919                           | 1,102                      | 28,893           |
| Charge for the year   | 46,170                               | 2,493                         | 4,428                      | 53,091           |
| At 31 August 2014     | <u>73,042</u>                        | <u>3,412</u>                  | <u>5,530</u>               | <u>81,984</u>    |
| <b>Net book value</b> |                                      |                               |                            |                  |
| At 31 August 2014     | <u>2,539,533</u>                     | <u>10,688</u>                 | <u>12,520</u>              | <u>2,562,741</u> |
| At 31 August 2013     | <u>2,576,559</u>                     | <u>7,901</u>                  | <u>5,869</u>               | <u>2,590,329</u> |

Included in land and buildings is leasehold land at valuation of £298,000 (cost £298,000) which is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**18. DEBTORS**

|                                | 2014          | 2013           |
|--------------------------------|---------------|----------------|
|                                | £             | £              |
| Trade debtors                  | 286           | 511            |
| Other debtors                  | 26,838        | 163,550        |
| Prepayments and accrued income | 11,500        | 1,932          |
|                                | <u>38,624</u> | <u>165,993</u> |

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

|                                    | 2014          | 2013          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Trade creditors                    | 15,715        | 23,116        |
| Other taxation and social security | 13,573        | 13,897        |
| Other creditors                    | 15,045        | 27,404        |
| Accruals and deferred income       | 35,486        | 12,259        |
|                                    | <u>79,819</u> | <u>76,676</u> |

**Deferred income**

|                                    |               |
|------------------------------------|---------------|
| Resources deferred during the year | <u>27,722</u> |
|------------------------------------|---------------|

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. STATEMENT OF FUNDS**

|  | Brought<br>Forward<br>£ | Incoming<br>resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>In/out<br>£ | Gains/<br>(Losses)<br>£ | Carried<br>Forward<br>£ |
|--|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| <b>Unrestricted funds</b>                    |                         |                            |                            |                          |                         |                         |
| Other income not for capital purposes        | 779                     | 73,475                     | (58,630)                   | (3,868)                  | -                       | 11,756                  |
| Transfer from predecessor                    | 104,737                 | -                          | -                          | (9,144)                  | -                       | 95,593                  |
|  | <u>105,516</u>          | <u>73,475</u>              | <u>(58,630)</u>            | <u>(13,012)</u>          | <u>-</u>                | <u>107,349</u>          |
| <b>Restricted funds</b>                      |                         |                            |                            |                          |                         |                         |
| General Annual Grant (GAG)                   | 29,149                  | 1,084,189                  | (1,021,325)                | (12,491)                 | -                       | 79,522                  |
| Government grants                            | 1,760                   | 51,524                     | (51,553)                   | -                        | -                       | 1,731                   |
| Other DfE/EFA Grants                         | 16,253                  | 74,143                     | (77,941)                   | -                        | -                       | 12,455                  |
| Other income                                 | 2,824                   | 587                        | (587)                      | -                        | -                       | 2,824                   |
| Pension reserve                              | (270,000)               | -                          | (16,000)                   | -                        | (108,000)               | (394,000)               |
|  | <u>(220,014)</u>        | <u>1,210,443</u>           | <u>(1,167,406)</u>         | <u>(12,491)</u>          | <u>(108,000)</u>        | <u>(297,468)</u>        |
| <b>Restricted fixed asset funds</b>          |                         |                            |                            |                          |                         |                         |
| Assets from predecessor school               | 2,567,107               | -                          | (45,960)                   | 2,083                    | -                       | 2,523,230               |
| DfE/EFA capital grants                       | 7,386                   | 7,330                      | (1,095)                    | -                        | -                       | 13,621                  |
| Capital expenditure from GAG                 | 23,222                  | -                          | (5,894)                    | 10,408                   | -                       | 27,736                  |
| Capital expenditure from Friends of Stonebow | -                       | -                          | (81)                       | 3,868                    | -                       | 3,787                   |
| Capital expenditure from b/f funds           | -                       | -                          | (61)                       | 9,144                    | -                       | 9,083                   |
|  | <u>2,597,715</u>        | <u>7,330</u>               | <u>(53,091)</u>            | <u>25,503</u>            | <u>-</u>                | <u>2,577,457</u>        |
| Total restricted funds                       | <u>2,377,701</u>        | <u>1,217,773</u>           | <u>(1,220,497)</u>         | <u>13,012</u>            | <u>(108,000)</u>        | <u>2,279,989</u>        |
| Total of funds                               | <u>2,483,217</u>        | <u>1,291,248</u>           | <u>(1,279,127)</u>         | <u>-</u>                 | <u>(108,000)</u>        | <u>2,387,338</u>        |

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

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Start up grant – these grants are awarded to assist the Academy during the conversion from a school. These were for recurrent expenditure, with any unspent funds available to carry forward.

Other DFE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £124,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

**Transfer between funds**

During the year the Academy incurred capital expenditure of £25,503. This amount has been treated as a transfer between funds in accordance with the Department for Educational guidelines.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**SUMMARY OF FUNDS**

|                                 | Brought<br>Forward<br>£ | Incoming<br>resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Carried<br>Forward<br>£ |
|---------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| General funds                   | 105,516                 | 73,475                     | (58,630)                   | (13,012)                 | -                       | 107,349                 |
| Restricted funds                | (220,014)               | 1,210,443                  | (1,167,406)                | (12,491)                 | (108,000)               | (297,468)               |
| Restricted fixed<br>asset funds | 2,597,715               | 7,330                      | (53,091)                   | 25,503                   | -                       | 2,577,457               |
|                                 | <u>2,483,217</u>        | <u>1,291,248</u>           | <u>(1,279,127)</u>         | <u>-</u>                 | <u>(108,000)</u>        | <u>2,387,338</u>        |



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

|  | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Restricted<br>fixed asset<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets                  | -                                  | -                                | 2,562,741                                       | 2,562,741                   | 2,590,329                   |
| Current assets                         | 141,813                            | 141,887                          | 14,716  | 298,416                     | 239,564                     |
| Creditors due within one year          | (34,464)                           | (45,355)                         | -   | (79,819)                    | (76,676)                    |
| Provisions for liabilities and charges | -                                  | (394,000)                        | -   | (394,000)                   | (270,000)                   |
|  | <u>107,349</u>                     | <u>(297,468)</u>                 | <u>2,577,457</u>                                | <u>2,387,338</u>            | <u>2,483,217</u>            |

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

|  | Continuing<br>£ | Discontinued<br>£ | Year ended<br>31 August<br>2014<br>Total<br>£ | Period ended<br>31 August<br>2013<br>£ |
|--|-----------------|-------------------|---|--|
| Net incoming resources before revaluations | 12,121          | -                 | 12,121  | 2,494,217                              |
| Assets donated by predecessor              | -               | -                 | -   | (2,596,000)                            |
| Pension deficit on conversion              | -               | -                 | -   | 251,000                                |
| Depreciation of tangible fixed assets      | 53,091          | -                 | 53,091  | -                                      |
| Movement in debtors                        | 127,369         | -                 | 127,369                                       | (165,993)                              |
| Movement in creditors                      | 3,143           | -                 | 3,143   | 76,676                                 |
| FRS 17 adjustments                         | 16,000          | -                 | 16,000  | 8,000                                  |
| <b>Net cash inflow from operations</b>     |                 |                   | <u>211,724</u>                                | <u>67,900</u>                          |

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

|   | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|---|--------------------------------------|--|
| <b>Capital expenditure and financial investment</b> |                                      |  |
| Purchase of tangible fixed assets                   | <u>(25,503)</u>                      | <u>(23,222)</u>                        |

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

|                           | 1 September<br>2013<br>£ | Cash flow<br>£ | Other<br>non-cash<br>changes<br>£ | 31 August<br>2014<br>£ |
|---------------------------|--------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | 73,571                   | 186,221        | -                                 | 259,792                |
| <b>Net funds</b>          | <b>73,571</b>            | <b>186,221</b> | <b>-</b>                          | <b>259,792</b>         |

**25. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education for same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy servicing notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. 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 Leicestershire 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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**26. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £55,000, of which employer's contributions totalled £43,000 and employees' contributions totalled £12,000. The agreed contribution rates for future years are 20% for employers and varied rates 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.

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**26. PENSION COMMITMENTS (continued)**

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

|                                     | Expected<br>return at<br>31 August<br>2014<br>% | Fair value at<br>31 August<br>2014<br>£ | Expected<br>return at<br>31 August<br>2013<br>% | Fair value at<br>31 August<br>2013<br>£ |
|-------------------------------------|---|---|---|---|
| Equities                            | 6.30  | 240,000                                 | 6.60  | 175,000                                 |
| Bonds                               | 3.30  | 58,000                                  | 3.80  | 71,000                                  |
| Property                            | 4.50  | 34,000                                  | 4.70  | 25,000                                  |
| Cash                                | 3.30  | 10,000                                  | 3.60  | 3,000                                   |
| Total market value of assets        |   | 342,000                                 |   | 274,000                                 |
| Present value of scheme liabilities |   | (736,000)                               |   | (544,000)                               |
| (Deficit)/surplus in the scheme     |   | (394,000)                               |   | (270,000)                               |

The amounts recognised in the Balance sheet are as follows:

|                                     | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|-------------------------------------|--------------------------------------|--|
| Present value of funded obligations | (736,000)                            | (544,000)                              |
| Fair value of scheme assets         | 342,000                              | 274,000                                |
| Net liability                       | (394,000)                            | (270,000)                              |

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

|                                  | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|----------------------------------|--------------------------------------|--|
| Current service cost             | (50,000)                             | (25,000)                               |
| Interest on obligation           | (26,000)                             | (14,000)                               |
| Expected return on scheme assets | 17,000                               | 7,000                                  |
| Total                            | (59,000)                             | (32,000)                               |

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**26. PENSION COMMITMENTS (continued)**

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

|                                      | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|--------------------------------------|--------------------------------------|--|
| Opening defined benefit obligation   | 544,000                              | 488,000                                |
| Current service cost                 | 50,000                               | 25,000                                 |
| Interest cost                        | 26,000                               | 14,000                                 |
| Contributions by scheme participants | 12,000                               | 7,000                                  |
| Actuarial Losses                     | 122,000                              | 10,000                                 |
| Benefits paid                        | (18,000)                             | -                                      |
|                                      | <u>736,000</u>                       | <u>544,000</u>                         |
| Closing defined benefit obligation   | <u>736,000</u>                       | <u>544,000</u>                         |

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

|                                     | Year ended<br>31 August<br>2014<br>£ | Period ended<br>31 August<br>2013<br>£ |
|-------------------------------------|--------------------------------------|--|
| Opening fair value of scheme assets | 274,000                              | 237,000                                |
| Expected return on assets           | 17,000                               | 7,000                                  |
| Actuarial gains and (losses)        | 14,000                               | (1,000)                                |
| Contributions by employer           | 43,000                               | 24,000                                 |
| Contributions by employees          | 12,000                               | 7,000                                  |
| Benefits paid                       | (18,000)                             | -                                      |
|                                     | <u>342,000</u>                       | <u>274,000</u>                         |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £119,000 (2013 - £11,000).

The Academy expects to contribute £43,000 to its Defined benefit pension scheme in 2015.

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

|          | 2014    | 2013    |
|----------|---------|---------|
| Equities | 70.00 % | 64.00 % |
| Bonds    | 17.00 % | 26.00 % |
| Property | 10.00 % | 9.00 %  |
| Cash     | 3.00 %  | 1.00 %  |

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**26. PENSION COMMITMENTS (continued)**

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

|  | 2014   | 2013   |
|--|--------|--------|
| Discount rate for scheme liabilities                 | 3.70 % | 4.60 % |
| Expected return on scheme assets at 31 August        | 5.50 % | 5.70 % |
| Rate of increase in salaries                         | 4.40 % | 5.10 % |
| Rate of increase for pensions in payment / inflation | 2.60 % | 2.80 % |

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

|                      | 2014 | 2013 |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 22.2 | 20.9 |
| Females              | 24.3 | 23.3 |
| Retiring in 20 years |      |      |
| Males                | 24.2 | 23.3 |
| Females              | 26.6 | 25.6 |

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

|  | 2014<br>£ | 2013<br>£ | 2012<br>£ | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|-----------|-----------|-----------|
| Defined benefit obligation                   | (736,000) | (544,000) | -         | -         | -         |
| Scheme assets                                | 342,000   | 274,000   | -         | -         | -         |
| Deficit                                      | (394,000) | (270,000) | -         | -         | -         |
| Experience adjustments on scheme liabilities | (122,000) | (10,000)  | -         | -         | -         |
| Experience adjustments on scheme assets      | 14,000    | (1,000)   | -         | -         | -         |

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**Sensitivity Analysis**

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

|   | Approx. %<br>increase to<br>employer<br>liability<br>% | Approx.<br>monetary<br>amount<br>£ |
|---|--|------------------------------------|
| 0.5% decrease in Real Discount Rate       | 12   | 86,000                             |
| 1 year increase in member life expectancy | 3  | 22,000                             |
| 0.5% increase in Salary Increase Rate     | 5  | 40,000                             |
| 0.5% increase in Pension Increase Rate    | 6  | 43,000                             |

**27. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

|                       | Land and buildings |      | Other |
|-----------------------|--------------------|------|-------|
|                       | 2014               | 2013 | 2014  |
|                       | £                  | £    | £     |
| <b>Expiry date:</b>   |                    |      |       |
| Between 2 and 5 years | -                  | -    | 7,520 |
|                       | =                  | =    | =     |

**28. 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.

During the year there were no such transactions.

**29. CONTROLLING PARTY**

The Governors' as a body have ultimate control of the Academy.