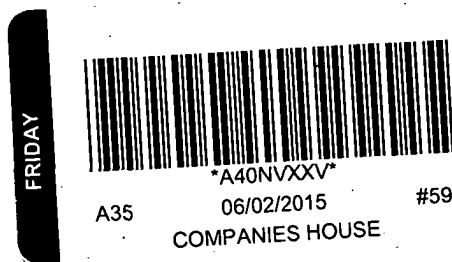


**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

**For the period from 23rd September 2013
To 31st August 2014**



**Company Registration Number:
8701329 (England and Wales)**

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

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Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)

Reference and administrative details

| | | |
|------------------------------------|--|---|
| Governors/trustees | Lynn Smolinski Abigail Bennett Caroline Huntington Tracey Armistead Joanna Henson Jane Bamford Gary Wemyss | (appointed 23 rd September 2013) (appointed 23 rd September 2013) (appointed 23 rd September 2013) (appointed 23 rd September 2013) (appointed 23 rd September 2013) (appointed 23 rd September 2013 and resigned 18 th July 2014) (appointed 23 rd September 2013 and resigned 18 th July 2014) |
| Governors | Graham Carrick Craig Bangham Vicki Case | Staff governor (appointed 7 th April 2014) parent governor (appointed 7 th April 2014) parent governor |
| Senior management team | Lynn Smolinski Graham Carrick Jill Armstrong | - head teacher and accounting officer - deputy headteacher - assistant headteacher |
| Registered office | Penny Bridge Academy Mount Pleasant Greenodd Ulverston Cumbria LA12 7RQ | |
| Company registration number | 8701329 | |
| Auditors | JL Winder & Co Chartered Accountants 125 Ramsden Square Barrow in Furness Cumbria LA14 1XA | |
| Bankers | Cumberland Building Society 26 New Market Street Ulverston Cumbria LA12 7LN | |
| Solicitors | Livingstons 9 Benson Street Ulverston Cumbria LA12 7AU | |

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014**

The trustees present their annual report together with the audited financial statements of the Academy for the period from 23rd September 2013 to 31st August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The company was incorporated on 23rd September 2013. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The trustees of Penny Bridge Church of England Primary School Limited are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Penny Bridge Academy.

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

Members' Liability

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

Governors' Indemnities

The Academy through its articles has indemnified its trustees to the fullest extent permissible by law. During the period the academy also purchased and maintained liability insurance for its governors.

Principal Activities

The principal activity is to deliver high quality education for the public benefit in the United Kingdom by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum that meets the needs of primary age children. Penny Bridge Academy has a good reputation as a provider of quality education sitting at the heart of the community with a firm commitment to ensuring that all of our students feel secure and challenged during their time in school. Our aim is to make everyone feel engaged and excited by learning and to experience the pleasure of achieving personal goals as well as working together as active and valued members of our school.

We are committed to creating and maintaining a working environment where students are keen to learn and respond positively to differing needs and priorities with the right balance of support and challenge. In so doing we believe that all our pupils have every opportunity to leave our school as confident, articulate and socially adept members of society. We work proactively with home to provide the quality of education that our students need and deserve.

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

Method of Recruitment and Appointment or Election of Governors

The term of office for governors is 4 years. The head teacher's term of office runs parallel with her contract of employment. Governors who are appointed or co-opted on to the Governing Body may be reappointed, if eligible by the full governing body. Parents and staff vote to elect their representative on to the Governing Body.

Volunteers are actively sought from the local community and parents to identify candidates for appointing governors when the need arises. The trustees aim to recruit a Governing Body who bring a variety of skills and experience to the academy.

The Governing Body has delegated powers of responsibility to the following committees: Finance & Business, Church & Community, Buildings & Health & Safety, and Outcomes for Children each with annually approved terms of reference.

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

All governors are offered the opportunity to attend governor training through the local authority who provide a number of courses to develop governors understanding of their role. They can have a tour of the school and an opportunity to meet staff and pupils. The Governors have undergone a rigorous self-evaluation process to establish on-going and forth coming priorities. During each full Governing Body meeting we allocate time to governor learning and development.

All governors have access to policies, procedures, minutes, accounts, budgets, academy development plan and self-evaluation and other relevant documents required to undertake their role.

Organisational Structure

The following decisions are reserved to the Board of Governors: closure or change of category of the Academy, to amend the constitution of the Governing Body, to appoint/remove the Chair and/or Vice Chair, to appoint the secretary to the Governors, to suspend Governors. They are also responsible for setting general policy, adopting an annual school development plan and monitoring the Academy by the use of budgets and capital expenditure. Governors can delegate specific responsibilities to any Governor, committee or the Head Teacher or other holder of an executive office. Governors publish an annual report, make arrangements for staff dismissal appeals, set up panels for the selection of the Head Teacher and monitor the annual register of interests.

The Governing body has as a strong focus on 3 core strategic functions:

1. Ensuring clarity of vision, ethos and strategic direction
2. Holding the Head teacher to account for the educational performance of the school and its pupils, and the performance management of staff
3. Overseeing the financial performance of the school and making sure its money is well spent

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

The day-to-day running of the school is delegated to the Head Teacher and the senior leadership team with particular regard to organising staff, resources and children. This leadership team consists of the Head Teacher, Deputy Head, and Assistant Head who control the Academy at an executive level implementing policies and reporting to the Governing Body. They are responsible for the authorisation of spending within agreed budget and for the appointment of staff following the vetting and safeguarding process. The Head teacher is the Accounting Officer.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, including the provision of facilities and operational areas of the Academy and its finances including the Local Government Pension Scheme deficit.

The Governors have implemented a number of systems to assess the risks that the Academy faces, especially in operational areas; teaching, health & safety, bullying, school trips and in relation to the control of finance. They have also introduced operational procedures; recruitment of new staff, supervision of school grounds and internal financial controls in order to minimise risk. The Academy has an effective system of internal financial control.

Connected Organisations, including Related Party Relationships

As a church school the Academy is part of a small cluster of 6 local schools – PTFG and a larger cluster(FPC) which includes all primary, infant schools in the Furness area. We are also part of the Diocese of Carlisle.

Objectives and Activities

Objects and Aims -

The Academy Trust's object is specifically restricted in the Articles of Association to the following; to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, managing and developing a school with a designated Church of England religious character, offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and a daily act of worship and in having regard to the advice of the Diocesan Board of Education.

The main objectives of the Academy during the period to 31st August 2014 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, teaching and care
- To continue to raise the standard of educational achievement and progress of all our children
- To improve the effectiveness of the Academy, by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with the local community
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its motto:

Look SMART
Work & Play SMART
Be SMART.

S – support & strength
M – marvellous manners
A – achieve your best
R – respect one another
T – together we learn

To this end the activities provide:

- Teaching and learning for all children to ensure they reach their full potential
- Tracking of pupils progress, especially those in receipt of free school meals, looked after children and children with SEND
- Continued professional development opportunities for all staff
- Promoting community cohesion, SMSC and British Values
- Promoting the safety and well-being of children, staff and visitors

The SDP for the academic year 2014 - 2015

| Term | General Focus Area | Curriculum Focus | On-going Focus |
|--------|---------------------------------------|---|--|
| Autumn | Behaviour and safety | Implementing the new spelling curriculum | Progress within pupils' books Writing |
| Spring | Basic skills in literacy and numeracy | Reading and maths | Progress within pupils' books Writing |
| Summer | Progress and achievement | Science, RE, SMSC, PE and the foundation subjects | Progress within pupil's books Writing |

Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)

Trustees' Report
For the period ended 31st August 2014
(continued)

Public Benefit

The Trustees' confirm that they have referred to the guidance contained in the Charity Commission's guidance on public benefit

Achievements and Performance

We pride ourselves on our high standards across all areas including our continued outstanding overall effectiveness.

EYFS – cohort of 16 children

75% of children achieved a GLD in prime areas (including literacy and maths). This is an increase of 25% from the previous year and 23% above national average.

Phonics screening – cohort of 20 children

95% of children of all pupils passed the phonic screening threshold compared to 69% nationally and an increase of 112% from the previous year.

KS1 National Results – cohort of 8 children

| Subject | Emerging - L2B | | Expected L2B + | | Exceeding L2B | |
|---------|----------------|----------|----------------|----------|---------------|----------|
| | School | National | School | National | School | National |
| Maths | 13% | 22% | 87% | 78% | 62% | 51% |
| Reading | 13% | 21% | 87% | 78% | 74% | 55% |
| Writing | 13% | 33% | 87% | 67% | 62% | 37% |

KS2 National Results – cohort of 21 children

| Subject | L4+ | | L5+ | | L6+ | |
|---------|--------|----------|--------|----------|--------|----------|
| | School | National | School | National | School | National |
| Maths | 100% | 85% | 57% | 41% | 29% | 6% |
| Reading | 100% | 86% | 76% | 44% | 0% | 0% |
| Writing | 95.2% | 83% | 57% | 30% | 4.7% | 2% |
| SPAG | 90.4% | 74% | 76% | 47% | 4.7% | 0% |

Narrowing the Gap: FSM Pupil Premium Attainment

| Subject | Emerging Points | Expected Points | Exceeding points |
|---------|-----------------|-----------------|------------------|
| Reading | 10% | 90% | 40% |
| Writing | 0% | 100% | 50% |
| Maths | 0% | 100% | 30% |

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

Summary

Year 6-100% Pupil Premium pupils exceeded age related expectations (L4 +) in Reading, Writing and Maths

Year 2-100% Pupil Premium pupils exceeded age related expectations (L2 +) in Reading Writing and Maths

Year 1-100% pass of Pupil Premium Pupils Phonics Screening Test

Narrowing the Gap – SEN Pupils – cohort of 10 children

| Subject | Emerging School | Expected School | Exceeding School |
|----------------|------------------------|------------------------|-------------------------|
| Reading | 50% | 50% | 10% |
| Writing | 10% | 90% | 0% |
| Maths | 40% | 60% | 0% |

The Academy will continue striving to improve the progress achieved by all the children. The Governing Body will continue to monitor the Academy Development plan and Self Evaluation to ensure Ofsted outstanding criteria are maintained.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Performance Indicators

Analysis of pupil data and test results confirm that the Governing Body has utilised its financial resources, including the Pupil Premium to ensure that all children achieve their full potential.

Financial Review

Most of the Academy's income is obtained from the EFA in the form of recurrent grants. During the period ending 31st August 2014 total expenditure of £459723 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income (including actuarial gains and losses on defined benefit pension schemes) for the year was £29529.

On 31st August 2014 the net book value of fixed assets was £44523 and movement of tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the children of the Academy.

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

Financial and Risk Management Objectives and Policies

The Academy has embedded the system of internal control including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The finance and business committee undertake a comprehensive view of the risks to which the Academy is exposed including the Local Government Pension Scheme (LGPS). They identify systems and procedures, including specific, preventable actions which should mitigate any potential impact on the Academy. This committee also considers any risks which may arise as a result of a new area of work being undertaken by the Academy.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. Where significant financial risk still remains they have ensured that they have adequate insurance cover.

In particular the Academy has considerable reliance on continued Government funding through the EFA. During the last period 93% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue there is no assurance that Government practice or policy will remain the same or that public funding will continue at the same terms. This risk is managed by careful control over budgeted expenditure which ensures that a deficit budget does not arise for the year.

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 trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

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

Safeguarding and Child Protection – the trustees continue to ensure that the highest standards are maintained in areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Whole school training is undertaken every 3 years.

Staffing - the success of the Academy is reliant on the quality of its staff and so the trustees 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 a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook.

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Trustees' Report
For the period ended 31st August 2014
(continued)**

Reserves Policy

The trustees will consider the value of reserves held and ensure that they are not excessive. Where possible the funds will be spent in year unless they are being kept to contribute towards a specific project.

The deficit on the pension reserve, £100,000, relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held in trustee-administered funds to fund future liabilities as discussed in note 27. The deficit can be met in the longer term from additional contributions which are currently being made, increase in employer or employee contributions, increased government funding or changes to scheme benefits.

Investment Policy

The trustees of the academy will consider the need for an investment policy in 2015.

Plans for Future Periods

The Governing Body has agreed future development planning for the Academy to improve teaching and learning facilities. The Governing Body has had plans passed to renovate the adjoining school house and add a new classroom. We have also signed a lease for nearby church land and gained permission to erect a car park primarily for school use.

The Governing Body have also agreed in principal to extend the age range of the school to 2 – 11 years to incorporate the on-site nursery.

Statement of disclosure to auditors

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditor is aware of that information.

The report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved by order of the members of the Governing Body on 16th Dec 2014
and signed on its behalf by:



**Abigail Bennett
[Chair]**

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Governance Statement
For the period ended 31st August 2014**

Scope of Responsibility

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

The Full 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 Penny Bridge Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

| Governor | Meetings Attended | Out of a possible |
|-----------------------------|--------------------------|--------------------------|
| Lynn Smolinski | 4 | 4 |
| Abigail Bennett | 4 | 4 |
| Caroline Huntington | 4 | 4 |
| Joanna Henson | 4 | 4 |
| Craig Bangham | 2 | 2 |
| Tracy Armitstead | 3 | 4 |
| Vicki Case | 1 | 2 |
| Graham Carrick | 4 | 4 |
| Jane Bamford (now resigned) | 4 | 4 |

We have a Governing Body made up of 5 foundation governors, 2 parent governors, 1 co-opted governor and 1 staff governor and the ex-officio Head Teacher governor. The Governing Body has the following committees: Finance & Business, Church & Community, Buildings & Health & Safety, and Curriculum and Outcomes for Children each with annually approved terms of reference.

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Governance Statement
For the period ended 31st August 2014
(continued)**

| Committee | Responsibilities | Performance & Effectiveness |
|------------------------------------|---|---|
| Full Governing Body | To ensure clarity of vision, ethos and strategic direction To hold the Head teacher to account for the educational performance of the school and its pupils, and the performance management of staff To oversee the financial performance of the school and make sure its money is well spent | Improved knowledge and understanding of the Academy and its functions. The schools' last Ofsted inspection was in 2011 and we were graded as 'Outstanding'. |
| Finance & Business | To ensure the academy's financial health and stability. To ensure the funding agreement is adhered to To ensure appropriate use of and best value of public funds To abide by the financial handbook | Tighter financial control and increased knowledge, skills and understanding. Budget on track. |
| Church & Community | To promote positive relationships between the church, community and school. To provide an oversight of the churches input into school. | Improved links with the church and understanding of Christian principles. |
| Buildings & Health & Safety | Facilities development and management Health & Safety policy & compliance To provide a safe learning environment | Fabric of the school maintained to a high standard. School in good decorative order. Plans for more parking for the community in place. School extended by the acquisition of the school house. |
| Curriculum & Outcomes for children | To ensure the academy promotes the learning, development, safeguarding, welfare & well-being of every child. To lead the strategic direction of the curriculum. | Improved understanding of data. Development of new school motto. Strengthened understanding between staff and governors. |

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Governance Statement
For the period ended 31st August 2014
(continued)**

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's 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 Penny Bridge Academy for the period ended 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 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, evaluation and managing the academy's significant risk that has been in place for the period ending 31st 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties of delegation and accountability.

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial report which are reviewed and agreed by the Governing Body
- Regular reviews by the Finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance
- Clearly defined purchasing guidelines
- Delegation of authority and segregation duties
- Identification and management of risks

The Governing Body has appointed Mrs Caroline Huntington as the 'Responsible Officer' (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial controls. On a termly basis the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The Academy trust can confirm that the RO has delivered her schedule of work as planned and the Local Government Pension deficit has been discussed.

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Governance Statement
For the period ended 31st August 2014**

Review of Effectiveness

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

- the Finance Committee;
- the Responsible Officer;
- the work of the external auditor;
- the Financial management and governance self-assessment process (FMGS)

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 16th Dec 2014
and signed on its behalf by:



**Abigail Bennett
[Chair]**



**Lynn Smolinski
[Accounting Officer]**

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

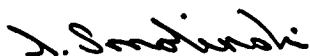
For the period ended 31st August 2014

Statement on Regularity, Propriety and Compliance

As accounting officer of Penny Bridge Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) 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.



**Lynn Smolinski
[Accounting Officer]**

Date 16th December 2014

**Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities
For the period ended 31st August 2014**

The trustees (who act as governors of Penny Bridge Church of England Primary School Limited and are also the directors of the charitable company) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the year. In preparing these financial statements, the trustees are required to:

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

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

The trustees are responsible for ensuring that in its conduct and operation the academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Young People's Learning Agency, Education Funding Agency, Carlisle Diocese and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware:

- there is no relevant audit information of which the academy's auditor is unaware; and
- the trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 16th Dec 2014
and signed on its behalf by:



**Abigail Bennett
[Chair]**

**Independent Auditor's Report to the members of
Penny Bridge Church of England Primary School Limited**

We have audited the financial statements of Penny Bridge Church of England Primary School Limited for the period ended 31st 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 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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the academy trust's affairs as at 31st August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;

**Independent Auditor's Report to the members of
Penny Bridge Church of England Primary School Limited
(continued)**

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); 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 Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Gillian Haythornthwaite

Gillian Haythornthwaite FCA
(Senior Statutory Auditor)
For and on behalf of JL Winder & Co, Statutory Auditor

16th December 2014

**Independent Reporting Accountant's Assurance Report on Regularity
to Penny Bridge Church of England Primary School Limited and
the Education Funding Agency**

In accordance with the terms of our engagement letter dated 5th December 2013 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 Penny Bridge Church of England Primary School Limited during the period from 23rd September 2013 to 31st 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 Penny Bridge Church of England Primary School Limited and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Penny Bridge Church of England Primary School Limited 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 Penny Bridge Church of England Primary School Limited and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Penny Bridge Church of England Primary School Limited
accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Penny Bridge Church of England Primary School Limited's funding agreement with the Secretary of State for Education dated 29th October 2013 and the Academies Financial Handbook, extant from 1st September 2013 (updated October 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 period 23rd September 2013 to 31st 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.

**Independent Reporting Accountant's Assurance Report on Regularity
to Penny Bridge Church of England Primary School Limited and
the Education Funding Agency
(continued)**

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

The work undertaken to draw our conclusions includes:

- reviewing the objectives and activities of the Academy with reference to the income streams and other information available to us as auditors of the academy.
- testing of a sample of grants received and other income streams.
- testing of a sample of payments to suppliers and other third parties.
- testing of a sample of payroll payments to staff.
- evaluating the internal control procedures and reporting times, and testing as appropriate, and
- reviewing the minutes of the meetings of the governing body, making appropriate enquiries of the head teacher and finance administrator relevant to our consideration of regulations.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 23rd September 2013 to 31st August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

JL Winder & Co

JL Winder & Co
Reporting Accountant

16th December 2014

Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)

Statement of financial activities
For the period ended 31st August 2014
(including income and expenditure account)

| | Note | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds August 2014 £ |
|---|------|----------------------------|-------------------------------------|--|---------------------------------------|
| Incoming resources | | | | | |
| Incoming resources from | | | | | |
| Generated funds: | | | | | |
| Assets transferred on conversion | 17 | - | - | 11600 | 11600 |
| Local authority balance on conversion | 17 | - | 10174 | - | 10174 |
| Voluntary income | 2 | 1337 | 1704 | - | 3041 |
| Activities for generating funds | 3 | 143 | - | - | 143 |
| Investment income | 4 | 97 | - | - | 97 |
| Incoming resources from charitable | | | | | |
| Activities: | | | | | |
| Funding for the academy trust's | | | | | |
| educational operations | 5 | - | 359522 | 43327 | 402849 |
| Catering | | <u>15290</u> | <u>-</u> | <u>-</u> | <u>15290</u> |
| Total incoming resources | | <u>16867</u> | <u>371400</u> | <u>54927</u> | <u>443194</u> |
| Resources expended | | | | | |
| Local authority balance on conversion | 17 | - | 85000 | - | 85000 |
| Charitable activities: | | | | | |
| Academy trust educational operations | 6 | 16867 | 340087 | 2329 | 359283 |
| Governance costs | 7 | <u>-</u> | <u>15440</u> | <u>-</u> | <u>15440</u> |
| Total resources expended | | <u>16867</u> | <u>440527</u> | <u>2329</u> | <u>459723</u> |
| Net income/(expenditure) for the year | | - | (69127) | 52598 | (16529) |
| Other recognised gains and losses | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | | <u>-</u> | <u>(13000)</u> | <u>-</u> | <u>(13000)</u> |
| Net movement in funds | | - | (82127) | 52598 | (29529) |
| Reconciliation of funds | | | | | |
| Total funds at 23 rd September 2013 | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total funds at 31st August 2014 | | <u>-</u> | <u>(82127)</u> | <u>52598</u> | <u>(29529)</u> |

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

Penny Bridge Church of England Primary School Limited
(A Company Limited by Guarantee)

Balance sheet
As at 31st August 2014

| | Note | 2014 £ | 2014 £ |
|--|------|-----------------|------------------|
| Fixed assets | | | |
| Tangible fixed assets | 12 | | 44523 |
| Current assets | | | |
| Debtors | 13 | 20992 | |
| Cash at bank and in hand | | <u>65922</u> | |
| | | 86914 | |
| Creditors : amounts falling due within one year | 14 | <u>(60966)</u> | |
| Net current assets | | | <u>25948</u> |
| Total assets less current liabilities | | | 70471 |
| Pension scheme liability | | | (100000) |
| Net liabilities including pension liability | | | <u>(29529)</u> |
| Funds of the academy trust : | | | |
| Restricted funds | | | |
| Fixed asset fund | | 52598 | |
| General fund | | 17873 | |
| Pension reserve | | <u>(100000)</u> | |
| Total restricted funds | | | (29529) |
| Unrestricted funds | | | - |
| Total funds | | | £ <u>(29529)</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the board of trustees for issue on 16th Dec 2014



Mrs Abigail Bennet
Trustee

Company registration number 08701329

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Cash flow statement
For the period ended 31st August 2014

| | Notes | 2014 £ |
|---|-------|---------------------|
| Net cash flow from operating activities | 19 | 32209 |
| Returns on investments and servicing of finance | 20 | 97 |
| Capital expenditure | 21 | <u>33616</u> |
| Increase/(decrease) in cash in year | | <u><u>65922</u></u> |
| Reconciliation of net cash flow to movement in net funds | | |
| Increase in cash in period | 22 | <u>65922</u> |
| Net funds at 31st August 2014 | | <u><u>65922</u></u> |

All of the cashflows are derived from acquisitions in the current financial period.

**Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)**

**Notes to the accounts
For the period ended 31st August 2014**

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

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

**Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)**

**Notes to the accounts
For the period ended 31st August 2014
(continued)**

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.

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

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

Tangible fixed assets and depreciation

Fixed assets are included at cost. Only items with a cost over £1000 are capitalised.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:-

| | | |
|-----------------------------------|---|----------------------------|
| Alterations to leasehold property | - | over the life of the lease |
| Fixtures, fittings and equipment | - | 10% straight line |
| Computers | - | 33 1/3% straight line |

Depreciation is only charged on an asset once it has been brought into use.

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.

Assets transferred on conversion have been included at their market value at the date of conversion.

Leased assets

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

**Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)**

**Notes to the accounts
For the period ended 31st August 2014
(continued)**

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pensions 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 27, 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 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 a fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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 with restrictions imposed by the funder/donor and included grants from the Education Funding Agency/Department for Education.

**Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)**

**Notes to the accounts
For the period ended 31st August 2014
(continued)**

Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for no consideration and has been accounted for under the acquisition accounting method. The assets and liabilities transferred on conversion from Penny Bridge Church of England Primary School to an academy have been valued at their fair value, being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 17.

| 2. Voluntary income | Unrestricted Funds £ | Restricted funds £ | Total August 2014 £ |
|---|----------------------------|--------------------------|------------------------------|
| Donations | <u>1337</u> | <u>1704</u> | <u>3041</u> |
| | <u><u>1337</u></u> | <u><u>1704</u></u> | <u><u>3041</u></u> |
| 3. Activities for generating funds | | | |
| Hire of facilities | <u>143</u> | <u>-</u> | <u>143</u> |
| | <u><u>143</u></u> | <u><u>-</u></u> | <u><u>143</u></u> |
| 4. Investment income | | | |
| Short term deposits | <u>97</u> | <u>-</u> | <u>97</u> |
| | <u><u>97</u></u> | <u><u>-</u></u> | <u><u>97</u></u> |
| 5. Funding for the academy trust's educational operations | | | |
| General annual grant | - | 341134 | 341134 |
| Capital grants | - | 43327 | 43327 |
| Other DfE/EFA grants | - | 8511 | 8511 |
| Other non-government grants | <u>-</u> | <u>9877</u> | <u>9877</u> |
| | <u><u>-</u></u> | <u><u>402849</u></u> | <u><u>402849</u></u> |

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Notes to the accounts
For the period ended 31st August 2014
(continued)

| 6. Charitable activities | Unrestricted funds £ | Restricted funds £ | Total August 2014 £ |
|---|----------------------------|--------------------------|------------------------------|
| Direct costs – educational operations | | | |
| Teaching and educational support staff costs | - | 233446 | 233446 |
| Depreciation | - | 2208 | 2208 |
| Technology costs | - | 9057 | 9057 |
| Educational supplies | - | 6769 | 6769 |
| Examination fees | - | 181 | 181 |
| Staff development | - | 3800 | 3800 |
| Insurance | - | 1052 | 1052 |
| Sports and PE | - | 5390 | 5390 |
| Other direct costs | - | 3455 | 3455 |
| | <u>-</u> | <u>265358</u> | <u>265358</u> |
| Support costs – educational operations | | | |
| Support staff costs | - | 28967 | 28967 |
| Depreciation | - | 121 | 121 |
| Pension finance cost | - | 2000 | 2000 |
| Recruitment and other staff costs | - | 876 | 876 |
| Maintenance of premises and equipment | - | 16171 | 16171 |
| Cleaning | - | 1757 | 1757 |
| Rent and rates | - | 3355 | 3355 |
| Energy costs | - | 9994 | 9994 |
| Insurance | - | 3125 | 3125 |
| Printing, postage and stationery | - | 2692 | 2692 |
| Security and transport | - | 720 | 720 |
| Catering | 16867 | 6028 | 22895 |
| Other support costs | - | 1251 | 1251 |
| | <u>16867</u> | <u>77058</u> | <u>93925</u> |
| Total direct and support costs | <u>16867</u> | <u>342416</u> | <u>359283</u> |
| 7. Governance costs | | | |
| Legal and professional fees | - | 10166 | 10166 |
| Auditor's remuneration: | | | |
| Audit of financial statements | - | 2750 | 2750 |
| Other auditor costs | - | 2524 | 2524 |
| | <u>-</u> | <u>15440</u> | <u>15440</u> |

**Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)**

**Notes to the accounts
For the period ended 31st August 2014
(continued)**

8. Analysis of resources expended by expenditure type

| | Staff costs £ | Premises £ | Other £ | Total August 2014 £ |
|--|---------------------|---------------|--------------|------------------------------|
| Academy's educational operations: | | | | |
| Direct costs | 233446 | - | 31912 | 265358 |
| Allocated support costs | <u>28967</u> | <u>29266</u> | <u>35692</u> | <u>93925</u> |
| | 262413 | 29266 | 67604 | 359283 |
| Governance costs including allocated support costs | <u>-</u> | <u>-</u> | <u>15440</u> | <u>15440</u> |
| | <u>262413</u> | <u>29266</u> | <u>83044</u> | <u>374723</u> |
| Incoming/outgoing resources for the year include: | | | | 2014 |
| | | | | £ |
| Operating leases: | | | | |
| Plant and machinery | | | | <u>810</u> |

9. Staff

| | August 2014 £ |
|-------------------------------------|---------------------|
| Staff costs | |
| Staff costs during the period were: | |
| Wages and salaries | 218673 |
| Social security costs | 10280 |
| Pension costs | <u>33460</u> |
| | <u>262413</u> |

Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:-

| | 2014 |
|----------------------------|----------|
| Management | 1 |
| Teachers | 7 |
| Administration and support | <u>1</u> |
| | <u>9</u> |

There were no employees whose emoluments exceeded £60,000.

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Notes to the accounts
For the period ended 31st August 2014
(continued)

10. Trustees' remuneration and expenses

During the period retirement benefits were accruing to 1 trustee in respect of defined contribution pension schemes.

The headteacher, who is also a trustee, only received remuneration in respect of services provided undertaking the role of headteacher and not in respect of services as a trustee. Other trustees did not receive any payments or expenses from the Academy in respect of their role as trustees. The value of the trustees' remuneration (including employer's pension contributions) fell within the following band.

| | 2014 |
|---------------------------|---------------|
| | £ |
| L Smolinski (headteacher) | 45000 – 50000 |

11. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31st August 2014 was £473.

12. Tangible fixed assets

| | Alterations to leasehold property £ | Fixtures fittings & equipment £ | Computer equipment £ | Total £ |
|----------------------------------|--|--|-------------------------------------|---------------------|
| Cost or valuation | | | | |
| Additions | 8137 | 25541 | 1574 | 35252 |
| Assets transferred on conversion | <u>-</u> | <u>7300</u> | <u>4300</u> | <u>11600</u> |
| At 31 st August 2014 | <u><u>8137</u></u> | <u><u>32841</u></u> | <u><u>5874</u></u> | <u><u>46852</u></u> |
| Depreciation | | | | |
| Charge for the year | <u>-</u> | <u>609</u> | <u>1720</u> | <u>2329</u> |
| At 31 st August 2014 | <u><u>-</u></u> | <u><u>609</u></u> | <u><u>1720</u></u> | <u><u>2329</u></u> |
| Net book values | | | | |
| At 31 st August 2014 | <u><u>8137</u></u> | <u><u>32232</u></u> | <u><u>4154</u></u> | <u><u>44523</u></u> |

The Academy's transactions relating to land and buildings included the taking up of a leasehold on a parcel of land, which is to be converted into a car park, for £500 pa over a term of 21 years.

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Notes to the accounts
For the period ended 31st August 2014
(continued)

| | |
|--------------------------------|---------------------|
| 13. Debtors | 2014 |
| | £ |
| VAT recoverable | 12773 |
| Other debtors | 1064 |
| Prepayments and accrued income | <u>7155</u> |
| | <u>20992</u> |

14. Creditors: Amounts falling due within one year

| | |
|------------------------------|---------------------|
| Trade creditors | 1389 |
| Taxation and social security | 3656 |
| Pension | 6003 |
| Accruals and deferred income | <u>49918</u> |
| | <u>60966</u> |

Deferred income

| | |
|------------------------------------|--------------------|
| Resources deferred during the year | <u>8650</u> |
|------------------------------------|--------------------|

At the period end the Academy was holding funds received in advance for school meals for the 2014/15 academic year.

15. Statement of funds

| | Balance at 23 September 2013 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2014 £ |
|-------------------------------------|---|----------------------------|----------------------------|--|--------------------------------------|
| Unrestricted funds | | | | | |
| Unrestricted funds | - | <u>16867</u> | <u>(16867)</u> | - | <u>(-)</u> |
| Total unrestricted funds | <u>-</u> | <u>16867</u> | <u>(16867)</u> | <u>-</u> | <u>(-)</u> |
| Restricted general funds | | | | | |
| General annual grant | - | 353012 | (335139) | - | 17873 |
| Other DfE/EFA grants | - | 8511 | (8511) | - | - |
| Other grants and income | - | 9877 | (9877) | - | - |
| Pension reserve | - | - | <u>(87000)</u> | <u>(13000)</u> | <u>(100000)</u> |
| | <u>-</u> | <u>371400</u> | <u>(440527)</u> | <u>(13000)</u> | <u>(82127)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer from local authority funds | - | 11600 | (1804) | - | 9796 |
| DfE/EFA capital gains | - | 41753 | - | - | 41753 |
| Other grants | - | <u>1574</u> | <u>(525)</u> | - | <u>1049</u> |
| | <u>-</u> | <u>54927</u> | <u>(2329)</u> | <u>-</u> | <u>52598</u> |
| Total restricted funds | <u>-</u> | <u>426327</u> | <u>(442856)</u> | <u>(13000)</u> | <u>(29529)</u> |
| Total funds | <u>-</u> | <u>443194</u> | <u>(459723)</u> | <u>(13000)</u> | <u>(29529)</u> |

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Notes to the accounts
For the period ended 31st August 2014
(continued)

15. Statement of funds (continued)

General annual grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement.

Other DfE/EFA grants

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

Other grants and income

These are funds and grants received from the local authority and other institutions for use on specific projects.

DfE/EFA capital grants

These are grants to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other capital grants

These are funds and grants received from other institutions for specific capital items.

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 31st August 2014.

16. Analysis of net assets between funds

Fund balances at 31st August 2014 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|-------------------------------------|--|---------------------|
| Tangible fixed assets | 8137 | - | 36386 | 44523 |
| Current assets | (8137) | 53298 | 41753 | 86914 |
| Current liabilities | - | (35425) | (25541) | (60966) |
| Pension scheme liability | - | (100000) | - | (100000) |
| Total net assets | <u>-</u> | <u>(82127)</u> | <u>52598</u> | <u>(29529)</u> |

Penny Bridge Church of England Primary School
(A Company Limited by Guarantee)

Notes to the accounts
For the period ended 31st August 2014
(continued)

17. Conversion to an Academy Trust

On 1st November 2013 Penny Bridge Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Penny Bridge Church of England Primary School Limited from Cumbria County Council Local Authority for no consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as voluntary income.

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

| | Unrestricted funds | Restricted general funds | Restricted fixed asset funds | Total funds |
|---|-----------------------|--------------------------------|---------------------------------------|----------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 11600 | 11600 |
| Budget surplus on Local Authority funds | - | 10174 | - | 10174 |
| LGPS pension deficit | - | (85000) | - | (85000) |
| Net assets/(liabilities) | - | (74826) | 11600 | (63226) |

18. Financial commitments

Operating leases

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

| | 2014 £ |
|--|-----------|
| Land and buildings – expiring in over five years | 500 |
| Other – expiring within two and five years | 1080 |

19. Reconciliation of net income to net cash inflow from operating activities

| | |
|--|--------------|
| Net income | (16529) |
| Depreciation | 2329 |
| Capital grants from DfE and other capital income | (43327) |
| Assets transferred in from Local Authority on conversion | (11600) |
| Interest receivable | (97) |
| Pension liability transferred from Local Authority on conversion | 85000 |
| FRS17 adjustments | 2000 |
| (Increase)/decrease in debtors | (20992) |
| Increase/(decrease) in creditors | 35425 |
| Net cash inflow from operating activities | 32209 |

Penny Bridge Church of England Primary School
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Notes to the accounts
For the period ended 31st August 2014
(continued)

| | |
|--|------------------|
| 20. Returns on investments and servicing of finance | 2014 |
| | £ |
| Interest received | <u>97</u> |
| Net cash inflow from returns on investment and servicing of finance | <u>97</u> |

21. Capital expenditure and financial investment

| | |
|---|---------------------|
| Purchase of tangible fixed assets | (9711) |
| Capital grants from DfE/EFA | 41753 |
| Capital funding received from sponsors and others | <u>1574</u> |
| | <u>33616</u> |

22. Analysis of changes in net funds

| | At 23 September 2013 £ | Cash flows £ | At 31 August 2014 £ |
|--------------------------|------------------------------|--------------------|---------------------------|
| Cash in hand and at bank | <u>-</u> | <u>65922</u> | <u>65922</u> |
| | <u>-</u> | <u>65922</u> | <u>65922</u> |

23. 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 the trust has an interest. All the transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the period the Academy paid £4000 to The Carlisle Diocesan Board of Finance Limited, a member of the trust, in respect of the sports hall as described in note 26.

Two of the trustees, Ms Smolinski and Mrs C Huntington, own Penny Bridge Nursery Limited. During the period the nursery paid the sum of £676 to the Academy in respect of it's share of electricity, trade refuse and stationery.

24. Members' liability

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

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25. Contingent assets

During the period the Academy made a payment of £8137 towards the construction of the car park on the new leasehold land. The local parish council have raised some funds towards the cost of the car park and may reimburse the Academy for the amount it has spent in the period. However, at the period end no monies had been received and although it is considered highly probable that a contribution will be made by the parish council it was not certain how much would be received.

26. Contingent liabilities

During the period the Academy received capital grants totalling £41573 from the EFA in respect of funding for new kitchen equipment. If this funding is not spent in full by 31st March 2015, the surplus must be repaid to the EFA. However, the Academy expects to spend the grant in full by that date.

On conversion to an Academy Penny Bridge Church of England Primary School Limited entered into a memorandum of understanding to repay a sum of money to The Carlisle Diocesan Board of Finance Limited representing the school's contribution towards a sports hall built at Penny Bridge School and funded by the Diocese. The terms of the memorandum of understanding are that repayments are not expected to be less than £6689 per annum and final payment is to be made by 1st September 2017, however, the memorandum of understanding does not constitute a binding contract and repayments are to be made subject to affordability and agreement of Academy Trust Members. The amount unpaid at 31st August 2014 was £20758.

27. Pension and similar obligations

The Academy's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cumbria 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 31st March 2012 and of the LGPS 31st March 2013.

Contributions amounting to £6003 were payable to the schemes at 31st August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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27. Pension and similar obligations (continued)

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 1st 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 31st 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 9th 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 1st 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.

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 1st 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 1st April 2012 will see no change 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.

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27. Pension and similar obligations (continued)

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 since April 2012 on a 40:80:100% basis.

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

Under the definitions set out in the 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 period ended 31st August 2014 was £13000 of which employer's contributions totalled £10000 and employees' contributions totalled £3000. The agreed contribution rates for future years are 17.2% for employers and 5.6% for employees.

As described in note 17 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

As the LGPS was in deficit at the period end additional contributions are required of £4600 pa as from 1st April 2014 for 19 years increasing by 4.1% each year.

Parliament has agreed, at the request of the Secretary of State for Education to 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 18th July 2013.

| Principal Actuarial Assumptions | 2014 |
|---|------|
| Rate of increase in salaries | 3.7% |
| Rate of increase for pension in payment/inflation | 2.2% |
| Discount rate for scheme liabilities | 4.0% |
| Inflation assumption (CPI) | 2.2% |

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Notes to the accounts
For the period ended 31st August 2014
(continued)

27. Pension and similar obligations (continued)

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

| | 2014 |
|----------------------|-------------|
| Retiring today: | |
| Males | 23.0 |
| Females | 25.5 |
| Retiring in 20 years | |
| Males | 25.7 |
| Females | 28.7 |

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

| | Expected return at 31 August 2014 | Fair value at 31 August 2014 £ |
|--|--|---|
| Equities | 57.5% | 27000 |
| Government Bonds | 17.0% | 8000 |
| Other bonds | 7.2% | 3000 |
| Property | 7.2% | 3000 |
| Cash/liquidity | 8.0% | 4000 |
| Other | 3.1% | <u>1000</u> |
| Total market value of assets | | 46000 |
| Present value of scheme liabilities – funded | | <u>(146000)</u> |
| Surplus/(deficit) in the scheme | | <u>(100000)</u> |

The actual return on scheme assets were £3000.

| Amounts recognised in the statement of financial activities | 2014 £ |
|--|-------------------|
| Current service cost (net of employee contributions) | 10000 |
| Interest on pension liabilities | 4000 |
| Expected return on assets | <u>(2000)</u> |
| Total | <u>12000</u> |

**Penny Bridge Church of England Primary School
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**Notes to the accounts
For the period ended 31st August 2014
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27. Pension and similar obligations (continued)

Movement in the present value of defined benefit obligations were as follows:

| | 2014 £ |
|--------------------------------------|-------------------|
| At 1 st November 2013 | 115000 |
| Current service cost | 10000 |
| Interest cost | 4000 |
| Contributions by scheme participants | 3000 |
| Actuarial losses | <u>14000</u> |
| At 31 st August 2014 | <u>146000</u> |

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

| | |
|----------------------------------|--------------|
| At 1 st November 2013 | 30000 |
| Expected return on investments | 2000 |
| Actuarial gains | 1000 |
| Contributions by employer | 10000 |
| Contributions by employees | <u>3000</u> |
| At 31 st August 2014 | <u>46000</u> |

The estimated value of employer contributions for the year ended 31st August 2015 is £14000.