

THE COTSWOLD SCHOOL ACADEMY TRUST



**The Cotswold School Academy Trust
(a company limited by guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2012



**Company Registration Number
07338767 (England and Wales)**



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Reference and Administrative Details

Governors

Community

Mr R Hadley (Vice Chair and Member) **
Mr D Hanson

Parent:

Mrs A Everitt (Chair and Member) **
Squadron Leader D Bon
Mrs F Bygrave
Mr D Shelmerdine
Mr C Dry (appointed 4 January 2012)
Mrs C Roffe (appointed 4 January 2012)
Mr M Read *

Partnership:

Lady M Dunrossil ** (Vice Chair and Member)
Mr M Tufnell
Mrs M Joyce
The Revd Veronica James

Staff:

Mrs A Holland (Principal) (resigned 31 December 2011)
Miss L Newton
Mr W Morgan * (Principal with effect from 1 January 2012)
Mr B Edwards (appointed 30 January 2012)

* members of the Finance and Audit Committee

^ members of the company

Senior Management Team/ Executive Officers:

Principal

Mr W Morgan

Vice Principal

Mr C Edwards (Associate Governor)

Assistant Principal

Mrs C Grover

Assistant Principal

Mrs F Hudson

Finance

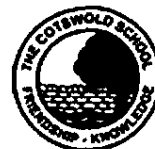
School Business Manager
(Bursar)

Mrs V Turner (Associate Governor)



Reference and Administrative Details (continued)

Principal and Registered Office	The Avenue Bourton on the Water Gloucestershire GL54 2BD
Company Registration Number	07338767 (England and Wales)
Independent Auditor	Crowe Clark Whitehill LLP Chartered Accountants Carrick House Lypiatt Road Cheltenham GL50 2QJ
Bankers	Lloyds TSB Bank PLC Moreton-in-Marsh Branch PO Box 1000 BX1 1LT
Solicitors	Kendall & Davies Solicitors and Commissioners for Oaths Cheltenham House The Square Stow-on-the-Wold Gloucestershire GL54 1AB



Governors' Report

Structure, Governance and Management

Constitution

The Cotswold School Academy Trust was established on 6 August 2010 as a company limited by guarantee and an exempt charity, and converted to Academy status on 6 September 2010. The Charitable Company's Memorandum and Articles of Association for Academies together with the funding Agreement dated 19 August 2010 entered into with the Secretary of State for Education are the primary governing documents of The Cotswold School Academy Trust.

The Governors act as the Trustees for the charitable activities of The Cotswold School Academy Trust and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Cotswold School Academy Trust or The Cotswold School.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on pages 1 and 2.

Members' Liability

There are three members of the Academy Trust (Mr R Hadley, Mrs A Everitt, Lady M Dunrossil) who undertake 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 £10,000, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

The school has insurance cover in force for Governors' and Trustees' liability. The indemnity limit is £5,000,000.

Principal Activities

The Cotswold School Academy Trust's object is specifically restricted to advance, for the public benefit, education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad based secondary curriculum (Articles of Association, Article 4).

- a Furthermore, The Cotswold School Academy Trust is defined by the characteristics set down in Section 1(6) of the Academies Act 2010 and quoted in The Academy's Funding Agreement, which are:
The school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum)
- b As the school provides secondary education, its curriculum has an emphasis on areas specified in the Agreement
- c The school provides education for pupils of different abilities
- d The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated

Method of Recruitment and Appointment or Election of Governors

Regard is given to the skills mix of the Governors to ensure that the Board of Governors has all the necessary skills required to contribute fully to the Academy's development.

The Governing Body of The Cotswold School Academy Trust resolves to have the following categories of Governor. The agreed term for all Governor categories is four years save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. They are recruited and elected as follows:

Parent: Subject to Articles 50-58 of the Articles of Association. The Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he/she is entitled to stand as a candidate, and vote at the election, and given opportunity to do so.



This is usually done via a letter email from the Chair of Governors to the home addresses of all registered pupils, accompanied by a nomination form. Parents may self nominate. Nominations are received by midday on a stipulated day. Ballot Papers are then sent to registered pupils' homes outlining candidate credentials. Completed Ballot Papers are requested to be returned to The Clerk to Governors by midday on a set date (approximately 2 calendar weeks from the day ballot papers are delivered). The Parent Governor may only be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected. The Clerk to Governors tallies the votes received by ballot paper and the nominee polling the majority of votes is duly elected. The Clerk to Governors publishes the results.

Other categories of Governor are **Community, Partnership, and Staff**. For all three cases, these Governor candidates are nominated by a current Governor. Nominations must be seconded by another serving member of the Governing Body. If the nomination is not contested, a vote is given by a show of hands. In the case where a vacancy is contested (there is more than one candidate), the nominees if present leave the meeting. Votes are made by secret ballot. Votes are counted by the Clerk to Governors who announces the results. The nominee polling the majority of votes is duly elected. The nominee(s) return to the meeting and are informed of the result by The Chair. Governors must be present at a meeting in order to cast their vote.

The Governing Body resolves to have positions of special responsibility for Governors, in addition to the above categories. These specialist responsibilities include but are not limited to Performance Management Governor, SEN Governor, Link Governor, School Council Link Governor, Health and Safety Governor, Child Protection Governor, Responsible Officer.

The Governing Body may also have an LA Governor post. The Local Authority may appoint that LA Governor (*ref Articles 51 and 138, Articles of Association*).

Recruiting the Chair of Governors and Vice Chair roles

The Clerk to Governors chairs the meeting for the item to elect the Chairman. The Chairman takes over the meeting, once elected, including the item to elect the Vice-Chairmen.

A Governor who is paid to work at the school or is a pupil at the school is not eligible for the office of Chairman or Vice-Chairmen. The Academy's Governing Body resolves that the following process will apply to the election of Chairman and Vice-Chairmen.

Governors will be able to submit written nominations prior to the full governing body and verbal nominations at the meeting. A Governor can nominate him/herself for office and does not need to be present at the meeting to be considered.

Governors must be present at a meeting in order to cast their vote. During an election, nominee(s) may be asked to leave the room whilst the election process takes place. If there is more than one nominee, the remaining governors will vote by secret ballot. The Clerk will tally the votes.

The nominee(s) will return to the meeting. The Clerk will announce the result, with the nominee polling the majority of votes being duly elected.

If there is a tie, each candidate will be given the opportunity to speak to the governors about their nomination and a further vote by secret ballot would be taken.

If there is still a tie, Governors should discuss the strengths of the nominees further, and another vote will be taken. This process will repeat until a nominee polls a majority of the votes.

Policies and Procedures Adopted for the Induction and Training of Governors

Mrs A Everitt has been nominated as the 'Link' Governor responsible for Governor induction and training and has arranged for each Governor to receive the Academy's Governor Handbook. Gloucestershire County Council Governor Services offers training days for those requiring them.



Organisational Structure

The year has seen the retirement of Principal, Mrs Ann Holland, at the end of the Autumn Term 2011. The Board of Governors have expressed their sincerest and deepest gratitude for all that she has done in her 16 years of leadership. The Board of Governors appointed a new Principal, Mr Will Morgan, with effect from 1st January 2012.

The Board of Governors meets twice termly to receive reports from its committees and manage its strategic objectives.

The Governing Body has two main committees:

Finance and Audit Committee – which meets at least once in the autumn, spring and summer terms to consider the annual budget, management accounts and any premises requirements, and
Curriculum Committee – which meets at least once in the autumn, spring and summer terms to consider curriculum issues.

The Board has five other committees and a working party that meet on an ad hoc basis:

- 1 Pay & Performance Management Committee – meets to review the Principal's recommendations on the senior staff, and sets the Principal's pay
- 2 Pupil Discipline Committee
- 3 Community Use Committee
- 4 Staff Grievance Committee
- 5 Admissions Committee
- 6 Premises Working Party

The day to day management is delegated to the Principal as laid out in the Governors' Scheme of Delegation document. The Principal and Governors have appointed a senior leadership team comprising Principal, two Vice Principals and four Assistant Principals. The Principal meets regularly with the School Business Manager to ensure that the Academy operates within its funding levels. The Principal is the appointed Accounting Officer.

Risk Management

The Board of Governors has drawn up a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risk the Academy faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of negating the risks, then considering the costs of operating particular controls relative to the benefit obtained.

Connected Organisations, including Related Party Relationships

Following the retirement of Mrs Holland, the NLE/NSS Bursary was not received this year for work carried out with Lakers School. However, the School has continued to play a supporting role to Lakers School in providing guidance on Academy conversion and financial management matters.

The School has also been approached by local primary schools that are considering Academy conversion. The Cotswold School has been asked to offer support and guidance to local feeder primary schools should the need arise.

Stroud College became aware of The Cotswold School's building programme to take place over the summer holidays of 2012 and via Rob Rees MBE, approached The Cotswold School in June 2012 in the hope that the school's teaching kitchen might become a venue for their apprenticeship and pre-apprenticeship courses in catering. Mr Morgan and the Design and Technology Department welcomed this approach and by December 2013, the Cotswold School expects to be hosting post-16 apprenticeship courses as Stroud College's North Cotswold hub.

Objectives and Activities

When setting the objectives of the Academy for the year, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.



Objects and Aims

The sole activity of the Academy is the operation of the Academy to provide education for pupils of different abilities between the ages of 11 and 19

The Academy's aims are

- To raise the standard of educational achievement of all pupils,
- To ensure that every child enjoys the same high quality education in terms of resources, tuition and care,
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- To provide value for money for the funds expended,
- To comply with all appropriate statutory and curriculum requirements,
- To provide a sustainable programme of curriculum enrichment for the education of all pupils,
- To conduct school business in accordance with the highest standards of integrity, probity and openness,
- To set realistic educational targets that maintain and develop The Academy's excellent academic progress, and ensure that those targets are met,
- Establish and maintain procedures for monitoring, evaluating and reviewing the quality of learning, teaching, pupil development and achievement,
- Review policies regularly in accordance with legislative requirements, and
- Ensure that school policies and local/national regulatory requirements for premises, health and safety and well-being of staff and pupils are met

Objectives, Strategies and Activities

The Academy has clear targets and strategies which flow from the Self Evaluation Form (SEF) and are included within the School Development Plan. The points below underpin these specific targets for the year

- A fully comprehensive intake,
- A broad and inclusive curriculum, and
- A positive ethos that ensures fairness and transparency for all stakeholders

Significant activities linking to charitable activities include

A busy programme of fundraising events which includes an annual Gym and Dance Show, Annual Fashion Show, charitable fundraising project for Year 7, use of school grounds as a public weekend car park, and non-uniform days for pupil nominated charities. Further offsite fundraising activities include annual carol concert in aid of Muscular Dystrophy at Gloucester Cathedral, choral events, Musical showcases, and the annual upper school's Christmas lunch and show for local care-home residents

Objectives from the School Development Plan for the Year 2010-13

Pupil Achievement and Enjoyment of Learning

To raise Achievement and attainment for all KS3 learners in preparation for KS4
To raise Achievement and attainment for all KS4 learners to maximise their Post 16 options
To raise Achievement and attainment for all KS5 learners to maximise their Post 16 options
To close the gap and in doing so focus on the progress of each individual and in particular pupils in vulnerable groups

Through innovative practice, to extend and deepen the quality of all pupils' learning and their enjoyment of the learning experience, and in doing so, to instil a life-long love of learning

Personal Development and Well-Being

To promote and support pupils' physical, spiritual, social and emotional wellbeing

To broaden and deepen pupils' contribution to their school, and local, national and international communities



Quality of Provision

To support and enhance the professional development and expertise of all staff, further raising the quality of teaching and learning

To enhance the positive impact that assessment has in supporting and developing pupils' learning
To provide the flexibility, relevance and challenge that meets all pupils' needs through an evolving curriculum

To enhance pupils' learning experiences through an extended range of learning and enrichment opportunities beyond the timetabled curriculum

To ensure that every pupil is cared for, guided and supported at each stage of their school life

Leadership and Management

To develop effective leadership qualities, attitudes and experience amongst staff at all levels

To promote effectively equal opportunities, community cohesion and a sustainable school environment

To develop further the effectiveness of the Governing Body in challenging and supporting the school

Partnership with the Community

To build on our partnership with primary schools in order to enhance learning and ease primary-to-secondary transition and develop extended services

To share expertise, support and lead partner secondary schools in ways that improve learning for all

To build ever closer links with parents and the wider community (including businesses) as partners in learning

Public Benefit

As a non-selective state secondary school, The Academy's work is, by its very nature, to the public benefit. The Academy offers a broad curriculum to pupils of all abilities aged from 11-19 who come from varied socio-economic backgrounds in a semi-rural catchment area. Parochial care and attention to special needs are an important part of the school's ethos to promote the individual in a caring environment.

Furthermore, the Governors have had regard to Charity Commission guidance on public benefit beyond the provision of secondary education. It conducts its business with great consideration to its neighbours. There is a strong policy to promote public use of its buildings and land for clubs, sport, and tuition to the benefit of the community. When converting to Academy status, the school has taken on a formal policy of community cohesion. The Academy has a dedicated member of staff who promotes community use and a Committee of appropriate stakeholders who meet to discuss and agree strategies for development.

Achievements and Performance

Ofsted

Ofsted has judged The Cotswold School as 'Outstanding' in three consecutive inspections. In fact, the most recent Ofsted inspection judged the school to be Outstanding in every single category, concluding that this is a "truly exceptional school".

At the heart of the school, inspectors observed "a blazing passion to ensure every student is able to be the best they can". Inspectors also identified "Inspiring teaching", an "outstanding curriculum", "exemplary behaviour" and "very positive relationships" as the ingredients that make The Cotswold School such an enjoyable and exciting place to learn.



GCSE Results 2012

90% of students achieved 5-14 top A*-C grades this year 79% of students achieved 5 or more A*-C grades including English and Maths, once again the school's highest ever figure Nearly one third of all GCSE entries were at the top A* and A grade and 42.5% of our students achieved the English Baccalaureate

We also gauge the percentage of pupils making expected progress

In English 90% of pupils made three or more levels of progress

In Mathematics 87% of pupils made three or more levels of progress

A Level Results 2012

The Cotswold School's A Levels results were, once again, outstanding, with 2012's representing the finest ever results against all measures The quality of grade achieved on average in each A level exam entry was the highest ever for The Cotswold School, with one in three of all our entries being awarded at A*/A grade and a quarter of our Year 13 students achieving between 1 and 4 A* grades The proportion of A*-B grades was 63% and the proportion of A*-C grades was 85% of total entries On average each student gained 364 UCAS points

We have been listed as one of the country's top comprehensive schools by The Daily Telegraph

The Sutton Trust reports that our results and student destinations exceed that of many grammar and independent providers

Achievement is also measured by the success of the Academy's broad, holistic approach to education

The annual Activities week took place in July and involved all students in work experience, team building exercises and an opportunity to experience a range of interesting, inspiring extra-curricular activities

Pupils are encouraged to broaden their educational experience Supported by their teachers and an enriched curriculum, they have excelled Examples include a student attaining the prestigious Arkwright Scholarship in engineering, excellent results at the Biology Olympiad, a winner at Club, District and Regional levels of the Rotary International Young Chef Competition who has gone on to speak at Rotarian conference level, a finalist in the Britain's Brightest Business Brain, a podium place at the regional Maths Challenge, ranking first amongst county comprehensive schools and beating many independent and grammar school teams, a winning Euroscola debating team who, having won a regional debate, won themselves a team weekend trip to Strasbourg to attend and address an EU Parliamentary debate, a winning STEM team who won a week's all expenses paid residential trip to the National Grid for their winning wind turbine design

Pupils of all age groups take part in clubs, local, regional and national competitions and workshops in philosophy, debate, art, media, science and engineering, mathematics, food and design technology and sports Pupils recognised as 'gifted and talented' are further encouraged to take part in a variety of special clubs run after school hours

An Enterprise Club managed by the Business Studies department actively encourages pupils to think as entrepreneurs, marketing and selling their own ranges of products to fellow students, staff and local community

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 Statement of Accounting Policies

Financial Review

Income As a 'Converter' Academy the main funds 'General Annual Grant' were received via the Young Peoples Learning Agency and later the Education Funding Agency Other funds have been received by Gloucestershire County Council (as the Local Authority), and donations



In May, Governors were pleased to announce a successful outcome to a bid to the EFA for a replacement boiler in the kitchen and dining hall

Expenditure An increase in the total number of pupils to 1231 (from 1188 in the 2010/11 academic year) including 252 6th Form students (from 235 in 2010/11 academic year) (a Key Financial Performance Indicator) it was necessary to increase the number of full and part time teaching staff to 91 (from 83, in the 2010/11 academic year) There was also a continuing expenditure on the upkeep of the plant and fabric of the building The completion of the 10 classroom Maths Block has extended school accommodation Much needed improvements have been made to the Food Room, Dining Room, Focus Rooms and the provision of a Mezzanine floor in the Assembly Hall A window replacement programme has replaced old metal framed windows with new double glazing, improving energy consumption and stabilising temperature fluctuation in the affected teaching areas A cashless catering system with biometric recognition tills has been installed Information technology throughout the school has been improved with the introduction of whole school wireless network access

Staffing costs have risen in line with numbers and reflect a good balance of mature and newly qualified staff

In line with other academies, running costs represent a large part of the Academy's costs They reflect the high energy consumption of IT and building services required in a campus such as the Cotswold School's where, by necessity, the growing school is comprised of a variety of extended buildings of differing ages and construction Alternative energy sources are being investigated as the cost of energy increases and every effort is made to conserve energy

Reserves

The Academy began the period with £14,840,610 reserves Following a period of suitable fiscal control the Academy reserves stand at £15,999,974

Principal Risks and Uncertainties

The Governors of the Cotswold School Academy Trust have a Risk Assessment Policy in force This has identified Strategic, Operational, Regulatory and Financial risks Likelihood and impact of the risks have been assessed and methods of avoiding, transferring and mitigating these have been taken into consideration Principal risks would be those which have been identified are those which affect the running of the school e.g fire, flood, storm and major incident Those which affect the financial aspect e.g loss of reputation affecting pupil numbers on roll, and possible fraud Other risks identified are risk of injury to those on site and also potential loss of school data

Reserves Policy

The policy of the Academy is to carry forward a level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the Department for Education

Levels held at 31 August 2012, anticipated for capital projects were as follows

All weather pitch (sinking fund)	£40,000
4 Classroom English Block (retention)	£15,558
Dining room improvements (retention)	£10,000
Grounds (design/improvement)	£10,000
Mezzanine Floor and seating	£45,000
10 Classroom block (new)* (retention)	£95,000
Residential Bungalow	£40,000
Premises Development Plan	£5,000
Heritage Impact Assessment	£5,000



Pension schemes operating at the Academy are Teachers Pensions and the Local Government Pension Scheme for support staff

Teachers Pension Scheme (TPS)

The Academy participates in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the Academy.

The latest actuarial valuation of the Scheme by the Government Actuary published in November 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at valuation date) by 2.0%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and supplementary contribution rate has been assessed to be 0.75% (to balance the Schemes' assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

The next valuation of the Scheme by the Government Actuary as at 31 March 2008 has not yet been published.

The pension charge for the period includes contributions payable to the scheme of £380,715, (2011, £375,359).

Local Government Pension Scheme

Actuarial assessment of the Local Government Pension shows a deficit of £1,108,000. The pension scheme for the Academy was assessed at inception and an employer rate of 22.9% and an employee Contribution rate was prescribed by statute and based on pay bands.

Investment Policy

Governors have agreed a policy for investment of balances. The strategy is as follows: To regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments. The academy will seek to avoid its current account going overdrawn. It will identify funds surplus to immediate cash requirements and transfer to a Deposit Account bearing a higher interest rate. To periodically review interest rates and compare with other investment opportunities. The Academy's current policy is only to invest in risk free UK banks.

Plans for Future Periods

Bids are currently being sought to continue the schools replacement roofing programme. There is currently a bid lodged with ACMF for replacement roofs to Library, and Girls and Boys PE changing rooms.

Governors have sanctioned a Premises Development Plan, the outcome of which will furnish them with regard to necessary future accommodation requirements and enable projects to be prioritised. However, it is known that further classroom accommodation is desirable and as such preliminary enquiries have been made with regard to a four classroom block adjacent to caretakers' buildings. This includes options to provide additional classroom space and improve the caretakers/premises/storage buildings.

Governors are aware of the need to improve vehicle access to the school site. The turning circle and access to the school remains as it was when the school was initially built. The school has grown considerably and the existing provision for the daily regime of delivering and collecting pupils and parking facilities for 13 coaches is inadequate. Governors are seeking funding and costings to improve this cause for concern.

Funds held as Custodian Trustee on behalf of others

No custodial funds are held.



Auditor

In so far as 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

The appointment of the current auditor, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487(2) of the Companies Act 2006

Approved by order of the members of the governing body on 10 December 2012 and signed on its behalf by

Mrs Amanda Everitt
Chair of the Board of Governors



Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Cotswold School Academy Trust 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 7 times during the year.

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 The Cotswold School Academy Trust for the year ended 31 August 2012 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 year ending 31 August 2012 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,
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.



The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr Martin Read, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual 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.

Review of Effectiveness

As accounting officer, Mr Will Morgan 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 executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 10 December 2012 and signed on its behalf by

Mrs Amanda Everitt
Chair of the Board of Governors

Mr Will Morgan, Principal
Accounting Officer



Statement on Regularity, Propriety and Compliance

As accounting officer of The Cotswold School Academy Trust 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.

**Mr Will Morgan, Principal
Accounting Officer
10 December 2012**



Statement of Trustees' and Governors' Responsibilities

The Governors (who act as trustees for charitable activities of The Cotswold School Academy Trust 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 Requirements 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 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 10 December, 2012 and signed on its behalf by

Mrs Amanda Everitt
Chair of the Board of Governors



Independent Auditor's Report to the Members of The Cotswold School Academy Trust

We have audited the financial statements of The Cotswold School Academy Trust for the year ended 31 August 2012 set out pages 18 to 36

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Trustees and Governors' Responsibilities, the governors (who are also the directors of the charitable company for the purpose 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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, including the Annual Accounts Direction [2011/12] issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of The Cotswold School Academy Trust (Continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or
- 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

Martin Regan

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

19 December 2012



Independent Auditor's Report on Regularity to the Governing Body of The Cotswold School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 15 November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2011 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction 2011/12 issued by the EFA.

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Martin Regan

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

19 December 2012



Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2012

	Note	General Fund (£)	Restricted Fixed asset Fund (£)	Restricted Income Fund (£)	Restricted Fund Other (£)	Total 2012 (£)	Total 2011 (£)
Incoming Resources							
Incoming resources from generated funds:							
Voluntary income	4	22,170	63,103	-	17,158	102,431	15,164,870
Investment income	6	6,659	-	-	-	6,659	3,992
Incoming resources from charitable activities							
Funding for educational operations	7a	256,370	677,345	6,062,323	-	6,996,038	6,217,325
Activities for generating funds	5	23,617	-	-	-	23,617	16,314
Other income	7b	203,760	-	-	71,151	274,911	184,443
Total incoming resources		512,576	740,448	6,062,323	88,309	7,403,656	21,586,944
Resources expended							
Costs of generating funds							
Costs of generating voluntary income	8	-	-	-	-	-	14,056
Charitable activities							
Academy's educational operations	8/9	270,348	237,211	5,333,130	88,309	5,928,998	5,758,431
Catering costs		74,936	-	-	-	74,936	60,144
Governance costs	10	-	-	30,658	-	30,658	47,403
Total resources expended	8/11	345,284	237,211	5,363,788	88,309	6,034,592	5,880,034
Net incoming resources before transfers		167,292	503,237	698,535	-	1,369,064	15,706,910
Transfers							
Gross transfers between funds		(703,391)	1,439,276	(735,885)	-	-	-
Net incoming resources before other recognised gains and losses		(536,099)	1,942,513	(37,350)	-	1,369,064	15,706,910
Brought forward defined benefit pension scheme liability		-	-	-	-	-	(1,020,000)
Actuarial (losses) / gains on defined benefit pension schemes		-	-	(210,000)	-	(210,000)	154,000
Net movement in funds		(536,099)	1,942,513	(247,350)	-	1,159,064	14,840,910
Reconciliation of funds							
Total funds brought forward	19/20	928,039	14,092,065	(179,194)	-	14,840,910	-
Total funds carried forward	19/20	391,940	16,034,578	(426,544)	-	15,999,974	14,840,910

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the Academy during the period and reconciles the movements in funds. The overall financial position at the period end is summarised in the balance sheet on page 20.

All items dealt with in arriving at the net incoming resources for the financial period relate to continuing operations. The notes on pages 22 to 37 form part of these financial statements.

**Balance sheet as at 31 August 2012**

Company number 07338767

	<i>Note</i>	2012	2012	2011	2011
		£	£	£	£
Fixed assets					
Tangible fixed assets	14		16,034,578		14,092,065
Current assets					
Stock	15	20,641		14,521	
Debtors	16	326,353		152,024	
Cash at bank and in hand		1,510,220		1,960,585	
		<u>1,857,214</u>		<u>2,127,130</u>	
Creditors: Amounts falling due within one year	17	<u>(783,818)</u>		<u>(487,285)</u>	
Net current assets			<u>1,073,396</u>		<u>1,639,845</u>
Net assets excluding pension liability			17,107,974		15,731,910
Pension scheme liability	20		(1,108,000)		(891,000)
Net assets including pension liability			<u>15,999,974</u>		<u>14,840,910</u>
Funds:					
Unrestricted funds.					
General fund	19		391,940		928,039
Restricted funds:					
Restricted fixed asset fund	19		16,034,578		14,092,065
Restricted fund other	19		-		-
Restricted income fund	19		681,456		711,806
Pension Reserve	20		(1,108,000)		(891,000)
			<u>15,999,974</u>		<u>14,840,910</u>

The financial statements were approved by the Governors on 10 December 2012 and signed on their behalf by

Mrs Amanda Everitt
Chair of the Board of Governors

The notes on pages 22 to 37 form part of these financial statements



**Cash flow statement
for the year ended 31 August 2012**

	<i>Note</i>	2012 £	2011 £
Net cash flow from operating activities	24	1,045,355	2,411,057
Return on investments and servicing of finance	25	6,659	3,992
Capital expenditure	26	(1,502,379)	(454,464)
(Decrease)/Increase in cash and cash equivalents	27	(450,365)	1,960,585
Reconciliation of net cash flow to movement in net funds			
Net funds at beginning of period		1,960,585	-
Net funds at end of period		1,510,220	1,960,585



Notes to the financial statements

1 STATUS OF CHARITABLE COMPANY

The Charitable Company is limited by guarantee. Each member of the charitable company has undertaken to contribute up to £10 to the Charitable Company's assets if it should be wound up.

2. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, including the Statement of Recommended Practice "Accounting and Reporting by Charities", issued in March 2005 (SORP 2005), the Academies Accounts Direction issued by the EFA, the Companies Act 2006 and under the historical cost accounting rules.

The company has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Academy's financial statements.

b) Fund accounting

Unrestricted funds are those funds which may be used towards meeting the objectives of the Academy at the discretion of the Governors.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors or which have been raised by the Academy for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of restricted funds is set out in the notes to the financial statements.

Restricted fixed asset funds are funds raised for the purpose of specific capital projects.

c) Incoming resources

Incoming resources are included in the Statement of Financial Activities ("SOFA") when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy. Other income includes sponsorship and is included when receivable by the Academy.

Grant income and grants for premises and equipment are recognised in the SOFA in the period in which they are receivable. Deferred income represents grant monies received for the provision of education which relate to the next financial year.

d) Resources expended

All outgoing resources are included in the SOFA on an accruals basis. Outgoing resources are net of recoverable VAT in accordance with the provisions of the Finance Bill 2011.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds. Charitable activities are costs incurred on the Academy Trust's educational operations. Catering costs comprise the provision of a catering facility within the school. Governance costs are the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

Where costs cannot be directly attributed to a particular heading 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.



Notes to the financial statements (continued)

e) *Tangible fixed assets*

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost

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 and are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The de minimus limit for capitalisation of fixed assets is £2,000

f) *Depreciation*

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their useful lives as follows

Buildings	-	2% straight line
School equipment	-	10% - 25% straight line
Office equipment	-	25% straight line
Motor vehicles	-	25% straight

g) *Taxation*

The Academy, as an exempt charity, is not liable to taxation

h) *Pensions*

The Academy participates in two pension schemes providing benefits based on final pensionable pay. More details of the schemes are given in note 23.

i) *Teachers' Pension Scheme*

Teaching staff employed under a contract of service are eligible to contribute to the Teachers' pension Scheme (TPS). As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it 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 pension costs for the scheme represent the contributions payable by the Charitable Company in the period.

j) *Local Government Pension Scheme*

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

k) *Recognition of liabilities*

Liabilities are recognised when either a constructive or legal obligation exists.

l) *Interest receivable*

Interest on deposit and other accounts is allocated to income in the year in which it is receivable.

m) *Leases*

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.



Notes to the financial statements (continued)

3 GENERAL ANNUAL GRANT

	2012 £	2011 £
a Results and carry forward for the period		
GAG brought forward from previous year	711,806	-
GAG allocation for current period	<u>5,963,265</u>	<u>5,832,824</u>
Total GAG available to spend	6,675,071	5,832,824
Recurrent expenditure from GAG	(5,257,730)	(5,071,847)
Fixed assets purchased from GAG	<u>(735,885)</u>	<u>(49,171)</u>
GAG carried forward to next year	681,456	711,806
Unspent start up grant	-	-
Revised GAG carried forward next year	<u>681,454</u>	<u>711,806</u>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	<u>(715,592)</u>	<u>(699,939)</u>
GAG to surrender to DfE (12% rule breached if result is positive)	<u>(34,136)</u>	<u>11,867</u>
b. Use of GAG brought forward from previous year for recurrent purposes		
(of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current period	5,257,730	-
GAG allocation for current period	(5,963,265)	-
GAG allocation for previous year x 2%	<u>(116,656)</u>	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current period (2% rule breached if result is positive)	(822,191)	N/A

4. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Donations and voluntary funds	22,170	63,103	85,273	15,073,943
Contributions to educational activities	-	17,158	17,158	90,927
	<u>22,170</u>	<u>80,261</u>	<u>102,431</u>	<u>15,164,870</u>

Prior year donations of £15,073,934 comprise the transfer of buildings and other assets from the previous school upon conversion to Academy status

5. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Rental income	23,617	-	23,617	16,314



Notes to the financial statements (continued)

6. INVESTMENT INCOME

	Unrestricted Fund	Restricted Funds	Total 2012	Total 2011
	£	£	£	£
Bank interest income	6,659	-	6,659	3,992

7a. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Fund	Restricted Funds	Total 2012	Total 2011
	£	£	£	£
DfE / EFA capital grant				
Academy main building grants	-	550,034	550,034	17,855
Other capital grants	-	-	-	8,765
Capital formula grant	-	24,081	24,081	-
	-	574,115	574,115	26,620
DfE / EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	5,963,265	5,963,265	5,832,824
Start Up Grants	-	-	-	-
Pupil Premium	-	42,253	42,253	-
Other DfE / EFA grants	-	-	-	62,664
	-	6,005,518	6,005,518	5,895,488
Other Government grants				
Other capital grants	-	103,230	103,230	1,164
Other grants	-	56,805	56,805	38,655
	-	160,035	160,035	39,819
Other School income				
School Funds	256,370	-	256,370	255,398
	256,370	6,739,668	6,996,038	6,217,325

7b. OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total 2012	Total 2011
	£	£	£	£
Sale of school meals	117,835	-	117,835	117,630
Tuition fees	-	71,151	71,151	66,813
Donations from private funds	85,925	-	85,925	-
	203,760	71,151	274,911	184,443

Notes to the financial statements (*continued*)

8. RESOURCES EXPENDED

	Staff costs	Other	Depreciation	Total 2012	Total 2011
	£	£	£	£	£
Costs of generating voluntary income	-	-	-	-	14,056
Academy's educational operations					
Direct costs	3,831,087	933,636	229,545	4,994,268	4,862,398
Allocated support costs	534,614	467,386	7,666	1,009,666	956,177
	<u>4,365,701</u>	<u>1,401,022</u>	<u>237,211</u>	<u>6,003,934</u>	<u>5,832,631</u>
Governance costs including allocated support costs	-	30,658	-	30,658	47,403
	<u>4,365,701</u>	<u>1,431,680</u>	<u>237,211</u>	<u>6,034,592</u>	<u>5,880,034</u>

Incoming/outgoing resources for the year include

	2012 £	2011 £
Operating Leases	8,361	3,420
Auditors Remuneration		
- Audit fees	8,800	7,200
- Other services	<u>3,300</u>	<u>3,500</u>



Notes to the financial statements (continued)

9. CHARITABLE ACTIVITIES – ACADEMY EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Direct costs				
Teaching and educational support staff costs	-	3,831,087	3,831,087	3,861,708
Depreciation	-	229,545	229,545	186,654
Educational supplies	-	317,512	317,512	240,233
Educational activities	270,348	-	270,348	256,480
Examination fees	-	112,327	112,327	101,216
Staff development	-	26,011	26,011	12,657
Educational consultancy	-	109,678	109,678	92,883
Other direct costs	-	97,760	97,760	110,567
	270,348	4,723,920	4,994,268	4,862,398
Allocated support costs				
Support staff costs	-	534,614	534,614	483,487
Depreciation	-	7,666	7,666	6,793
Recruitment and support	-	5,335	5,335	7,175
Maintenance of premises and equipment	-	161,812	161,812	92,570
Cleaning	-	11,431	11,431	13,376
Rent & rates	-	16,668	16,668	18,593
Utilities	-	92,224	92,224	81,525
Insurance	-	46,948	46,948	41,912
Security and transport	-	26,596	26,596	26,245
Catering	74,936	-	74,936	60,144
Telephone, printing and stationery	-	25,073	25,073	118,840
Other support costs	-	6,363	6,363	5,517
	74,936	934,730	1,009,666	956,177
	345,284	5,658,650	6,003,934	5,818,575

10. GOVERNANCE COSTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Legal and professional fees	-	18,136	18,136	33,128
Auditors' remuneration				
Audit of financial statements	-	8,800	8,800	7,200
Other services	-	2,100	2,100	1,500
Responsible officer audit	-	1,200	1,200	1,200
Governors' reimbursed expenses	-	422	422	-
	-	30,658	30,658	47,403

**Notes to the financial statements (continued)****11. STAFF COSTS**

The average number of persons (excluding Governors), employed by the Academy during the period was

	Number of employees (full time equivalent)	
	2012 Number	2011 Number
Administration and support	79	72
Teachers	81	84
	160	156

The aggregate payroll costs during the period amounted to

	2012 £	2011 £
Wages and salaries	3,569,210	3,544,716
Social security costs	259,943	256,959
Other pension costs	536,548	543,520
	4,365,701	4,345,195

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

	2012 Number	2011 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1

Both of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these members of staff amounted to £11,498 (2011 £20,488)

12. TRUSTEE GOVERNORS' REMUNERATION

The Principal and staff Governors only receive remuneration in respect of services they provide in undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors.

The value of Governors' remuneration was as follows (2011 – total £160,000 - £165,000)

One staff Governor (Principal)	£70,000 - £75,000
One staff Governor	£30,000 - £35,000
Two staff Governors	£25,000 - £35,000

One Trustee Governor received reimbursed expenses of £422 (2011 Nil)

13. GOVERNORS' AND OFFICERS INSURANCE

In accordance with normal practice the Chantable Company has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim and the cost for 2012 was £2,998 (2011 £2,448)



Notes to the financial statements (continued)

14. TANGIBLE FIXED ASSETS

	Land and Buildings £	Assets Under Construction £	School Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2011	13,422,094	713,805	111,461	13,498	24,655	14,285,513
Additions	-	2,051,092	85,488	43,144	-	2,179,724
Transfers	595,683	(676,114)	80,431	-	-	-
At 31 August 2012	14,017,777	2,088,783	277,380	56,642	24,655	16,465,237
Depreciation						
At 1 September 2011	169,942	-	13,967	3,375	6,164	193,448
Charge for the year	181,855	-	35,032	14,160	6,164	237,211
At 31 August 2012	351,797	-	48,999	17,535	12,328	430,659
Net book value						
At 31 August 2012	13,665,980	2,088,783	228,381	39,107	12,327	16,034,578
At 31 August 2011	13,252,152	713,805	97,494	10,123	18,491	14,092,065

15. STOCK

	2012 £	2011 £
Clothing	16,496	10,748
Catering	4,145	3,773
	<u>20,641</u>	<u>14,521</u>

16. DEBTORS

	2012 £	2011 £
Trade debtors	32,535	1,380
Prepayments and accrued income	10,058	6,191
Other debtors	5,113	6,488
VAT recoverable	278,647	137,965
	<u>326,353</u>	<u>152,024</u>

**Notes to the financial statements** *(continued)***17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Social Security and other taxes	-	73,412
Accruals	592,737	233,071
Deferred income (see note 18)	29,040	32,898
Other creditors	162,041	147,904
	<u>783,818</u>	<u>487,285</u>

18 DEFERRED INCOME

	2012 £	2011 £
At 1 September 2011	32,898	-
Transfers to statement of financial activities	(32,898)	-
Deferred in period	29,040	32,898
	<u>29,040</u>	<u>32,898</u>
At 31 August 2012	<u>29,040</u>	<u>32,898</u>

The deferred income balance relates to £10,640 GAG income received for bursaries in relation to the September 2012 intake (2011 £11,400), plus £18,400 music tuition fees received in advance of the 2012/13 financial year (2011 £21,498)



Notes to the financial statements (continued)

19. FUNDS

The income funds of the Charitable Company comprise the following balances of grants to be applied for specific purposes

	Balance At 1 September 2011	Incoming Resources	Expenditure	Transfers and other gains / (losses)	Balance At 31 August 2012
	£	£	£	£	£
Restricted Funds Other					
Music tuition	-	71,151	(71,151)	-	-
Other donations	-	17,158	(17,158)	-	-
	-	88,309	(88,309)	-	-
Restricted Government Funds					
Other Government Grants	-	56,805	(56,805)	-	-
Restricted General Funds					
General Annual Grant	711,806	5,963,265	(5,257,730)	(735,885)	681,456
Pupil Premium	-	42,253	(42,253)	-	-
Pension reserve	(891,000)	-	(7,000)	(210,000)	(1,108,000)
	(179,194)	6,062,323	(5,363,788)	(945,885)	(426,544)
Restricted Fixed Asset Funds					
DfE grants	19,965	677,345	(4,991)	-	692,319
Donations and voluntary funds	14,072,100	63,103	(232,220)	1,439,276	15,342,259
	14,092,065	740,448	(237,211)	1,439,276	16,034,578
Total Restricted Funds	13,912,871	6,891,080	(5,689,308)	493,391	15,608,034
Total Unrestricted Funds	928,039	512,576	(345,284)	(703,391)	391,940
Total Funds	14,840,910	7,403,656	(6,034,592)	(210,000)	15,999,974

Restricted Other Funds - represents donations and fundraising income generated by the school, which is for restricted use as stipulated by the donor and the provision of music tuition services

Restricted Government Funds - these funds are provided by the government for specific capital projects

Restricted General Funds - EFA grants (including GAG), which must be used to meet the cost of running The Cotswold School. Any unexpended balance of these grants beyond the stipulated thresholds must be surrendered to the EFA at 31 August 2012. The Local Government Pension Scheme liability is also included within this fund.

Restricted Fixed Asset Funds - these funds relate to the land, buildings and other fixed assets which are owned by the Academy and used in accordance with the charitable objectives.

Unrestricted Funds - represents income generated by the school (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

Transfers between funds relate to amounts expended on fixed assets from the General Annual Grant which have been used for the acquisition of fixed assets during the period.



Notes to the financial statements (continued)

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Fixed Asset Fund	Restricted Income Fund	Pension Reserve	Total 2012
	£	£	£	£	£
Tangible fixed assets	-	16,034,578	-	-	16,034,578
Current assets	391,940	-	1,465,274	-	1,857,214
Current liabilities	-	-	(783,818)	-	(783,818)
Pension scheme liability	-	-	-	(1,108,000)	(1,108,000)
	391,940	16,034,578	681,456	(1,108,000)	15,999,974

21 CAPITAL COMMITMENTS

At 31 August 2012 the Academy had capital commitments which were contracted for but not provided in these financial statements of £265,558 (2011 £nil)

22. LEASE COMMITMENTS

The Academy has the following annual commitments under non-cancellable operating leases other than land and buildings which expire as follows -

	2012 £	2011 £
In two to five years	<u>8,361</u>	<u>3,420</u>



Notes to the financial statements (continued)

23. PENSION SCHEME

The Academy is a member of two pension schemes

Teachers Pension Scheme (TPS)

The Academy participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the Academy. As required by FRS17 "Retirement Benefits", the Academy accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The pension charge for the year includes contributions payable to the TPS of £380,715 (2011 £375,359).

**Notes to the financial statements (continued)****23. PENSION SCHEME (continued)****Local Government Pension Scheme ("LGPS")**

The support staff are members of the LGPS providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Academy. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme was formally valued as at 31 March 2007 and was updated by the actuary on an FRS17 basis as at 31 August 2012.

The total contribution made for the period ended 31 August 2012 was £188,000, of which employer's contributions totalled £148,000 and employees' contributions totalled £40,000.

Principal Actuarial Assumptions

	2012	2011
Rate of increase in salaries	4.0%	4.4%
Rate of increase of pensions in payment / inflation	2.2%	2.6%
Discount rate for scheme liabilities	4.1%	5.4%

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

Retiring today – males	21.7 years	21.7 years
Retiring today – females	23.6 years	23.6 years
Retiring in 20 years – males	23.5 years	23.5 years
Retiring in 20 years – females	25.8 years	25.8 years

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

Asset category	Expected rate of return at 31/08/2012	Plan assets at 31/08/2012 £000	Expected rate of return at 31/08/2011	Plan assets at 31/08/2011 £000
Equities	5.5%	413	6.8%	262
Government bonds	3.3%	174	4.6%	105
Property	3.7%	39	4.8%	24
Cash	2.8%	19	3.9%	12
Total market value of assets		645		403
Present value of scheme liabilities		(1,753)		(1,294)
Surplus/(deficit) in scheme		(1,108)		(891)

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the above assumptions.

	2012 £000	2011 £000
The actual return on the scheme assets in the period	54	19

**Notes to the financial statements (continued)****23 PENSION SCHEME (continued)**

The amounts included within the Statement of Financial Activities are as follows

	2012 £000	2011 £000
Current service cost	111	121
Interest cost	74	64
Expected return on plan assets	(30)	(17)
Past service costs	-	-
Employer contributions	(148)	(143)
Total pension cost charged within net incoming/(outgoing) resources	7	25
Actuarial (gains)/losses	210	(154)
Total amount (credited)/charged to SOFA	217	129

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £56,000 loss (2011 £154,000 gain)

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

	2012 £000	2011 £000
Opening defined benefit obligation	1,294	1,225
Current service cost	111	121
Interest cost	74	64
Member contributions	40	36
Past service cost	-	-
Actuarial (gains)/losses on liabilities	234	(152)
Benefits paid	-	-
Benefit obligation at end of period	1,753	1,294

Movements in the fair value of the scheme assets are as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	403	205
Expected return on scheme assets	30	17
Actuarial gains	24	2
Employer contributions	148	143
Member contributions	40	36
Benefits paid	-	-
Fair value of scheme assets at end of period	645	403

Contributions

The employer expects to contribute £157,000 in the year to 31 August 2013



Notes to the financial statements (continued)

24. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net income	1,369,064	15,706,910
Non cash movements		
Capital assets transferred from previous school	-	(13,151,021)
Capital grants transferred from previous school	-	(652,244)
Depreciation (note 14)	237,211	193,448
Bank interest (note 6)	(6,659)	(3,992)
Capital grants	(677,345)	(27,784)
FRS 17 pension cost less contributions payable (note 23)	51,000	72,000
FRS 17 pension cost finance income (note 23)	(44,000)	(47,000)
(Increase) in stocks	(6,120)	(14,521)
(Increase)/Decrease in debtors	(174,329)	(152,024)
Increase in creditors	296,533	487,285
Net cash inflow from operating activities	1,045,355	2,411,057

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	6,659	3,992
Net cash inflow on investments and servicing of finance	6,659	3,992

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £	2011 £
Purchase of tangible fixed assets	(2,179,724)	(1,134,492)
Capital grants	677,345	27,784
Grants transferred to school	-	(652,244)
Net cash outflow from capital expenditure and financial investments	(1,502,379)	(454,464)

27. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2011 £	Cashflows £	At 31 August 2012 £
Cash at bank and in hand	<u>1,960,585</u>	<u>(450,365)</u>	<u>1,510,220</u>



Notes to the financial statements *(continued)*

28 MEMBERS' LIABILITIES

Every member of the charitable company undertakes such amount as may be required (such amount not exceeding £10) to the assets of the company in the event of it being wound up while he or she is a member or within one period after he or she ceases to be a member, for the payment of the Trusts debts and liabilities before he or she ceases to be a member and of the costs charges and expenses of winding up and for the adjustment of the rights of contributions amongst themselves