

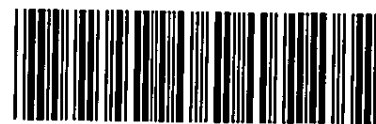
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APPLECROFT SCHOOL

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

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APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

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APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Governors	Ms C Forbes, Chair (appointed 20 January 2012) ^{1 2 3}
	Ms M Woodliffe, Vice Chair (appointed 20 January 2012) ^{1,2,3}
	Ms V Parsey, Headteacher (appointed 20 January 2012) ^{1,2,3}
	Mr N Gallacher, Associate Governor (appointed 20 January 2012)
	Rev J Gray, Community Governor (appointed 20 January 2012) ¹
	Mr B Judge, Community Governor (appointed 20 January 2012) ^{1,2,3}
	Ms M O'Donovan, LEA Governor (appointed 20 January 2012) ¹
	Ms E Barden, Parent Governor (appointed 20 January 2012) ²
	Mr G Thomson, Parent Governor (appointed 20 January 2012, resigned 16 October 2012) ¹
	Ms S Boulton, Staff Governor (appointed 20 January 2012) ¹
¹ Director of the Academy	
² Member of the Finance Committee	
³ Member / Trustee	
Company registered number	07917745
Registered office	Applecroft Road Welwyn Garden City Hertfordshire AL8 6JZ
Company secretary	Ms Sharon Draycott
Chief executive officer	Ms Vicky Parsey
Auditors	Pnce Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors present their annual report together with the financial statements and auditors' report for the six month period ended 31 August 2012. The Governors confirm that the annual report and financial statements comply with the current statutory requirements, the requirements of the company's governing document, the YPLA accounts guidance and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The School is a Charitable Company limited by guarantee and was set up by a Memorandum of Association on 20 January 2012. The School converted to Academy status on 1 March 2012.

STRUCTURE, GOVERNANCE AND CONSTITUTION

Constitution

Applecroft School (the "Charitable Company" or the "Academy") is a company limited by guarantee and a charity. The Charitable Company's memorandum and articles of association are its primary governing documents.

The Governors act as the trustees for the charitable activities of Applecroft School and are also the directors for the purposes of company law. The Charitable Company is known as Applecroft School.

Details of the Governors who served throughout the period except as noted are included in the reference and administrative details on page 1.

Members' liability

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

Governors' indemnities

Governors are covered by indemnity insurance purchased at the Academy's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. Such indemnity will not apply to any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not, nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

Principal activities

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 and balanced curriculum. The school provides education for pupils of different abilities. The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated. The Academy is constituted as a 3-11 years school for the period to 31 August 2012.

Method of recruitment and appointment or election of Governors

- Parent governors are appointed by election of parents of students attending the academy
- Staff governors are appointed by election of staff employed by the academy
- Community governors may be appointed by the governing body
- Members' governors may be appointed directly by members
- The Principal automatically becomes an ex officio governor
- Further governors may be appointed by the Secretary of State

APPLECROFT PRIMARY SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

Policies and procedures adopted for the induction and training of governors

As there are normally only a handful (one or two) of new governors appointed in a year and as the backgrounds of individual governors differs hugely - induction tends to be informal and is tailored to the needs of the individual. Where necessary, training will be provided on educational legal and financial matters. All new governors will be given a tour of the Academy and the chance to meet with staff and students. The Chair and Vice Chair of governors will typically meet with new governors to discuss broadly the governance obligations and commitments required of a new governor.

Training for all new governors is offered by Herts County Council. All new Governors are encouraged to attend new governor induction training.

All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Organisational structure

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

The full Governing Body delegates certain of its functions to the Finance Committee, Premises Committee and HR Committee. Some meetings are also attended by members of the Academy's Senior Leadership Team (SLT). All major decisions relating to the Annual Budget will be presented to the Full Governing Body and fully ratified at this level.

The Headteacher is an ex officio governor and member of the trust, and is the accounting officer. The Headteacher directly line manages the members of the SLT, which comprises of two Assistant Headteachers. As a group, the SLT are responsible for the day to day operation of the Academy – in particular the curriculum strategy, organising the teaching staff, facilities and students.

Risk management

The Academy has only been in existence for six months by the period end and as such does not yet have a formal risk register in place which is consistent with the document format outline in the previous finance handbook. However, it is aware of the primary risks facing the day to day school operation. This is an identified action within our FMGE. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section, those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls, for further details, see the Statement of Internal Control below. Financial Risk (contingency) Disaster (insurance) Staff Absence Insurance Outstanding status.

The trustees report that the Academy's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

Connected organisations, including related party relationships

The Academy does not have a sponsor and is not related to any other charitable trust or other party. The Academy has a partnership (Handside Schools' Partnership) which consists of a local Secondary School and Special Needs School. The primary purpose of this partnership is to ensure that we have an independent relationship that maintains the intended culture and ethos of Applecroft School.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Academy are to be an inclusive school, valuing everyone and providing opportunities to fulfil each individual's potential

To provide a broad and balanced curriculum that explores knowledge, nourishes creativity and encourages independence

To encourage happy, confident, learning for life

To provide a safe, secure and stimulating environment in which everyone can feel happy and cared for

We respect and value each other, our environment and ourselves

We aim for Applecroft to be a diverse, active, committed, all inclusive, happy community both within and beyond the school

To be a self-evaluating school

Objectives

The Governing Body had the following main objectives for the period ended 31 August 2012

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To continue to raise the standard of educational achievement of all pupils and thereby to maintain the Academy's local and national reputation
- 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 conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- To consolidate the Academy's newly acquired Academy status and enjoy a smooth transition to new systems and a new compliance framework
- To continually review the opportunities facing Applecroft School which will further develop both its educational offering and financial security ensuring a forward thinking approach

Strategies and activities

In keeping with its objectives for the period, the main activities provided by the Academy included

- Tuition and learning opportunities for all students to attain appropriate SAT assessments
- Ensure 100% qualified teacher coverage at all levels within the School in order to maintain our high standard of education provision
- We strive to maintain the outstanding progress made at the end of KS2 as reflected in our SATs results
- To continually develop the curriculum which enables pupils to apply their acquired knowledge in a broader and creative way
- Training opportunities for all staff, and especially teaching staff
- A programme of extra curricular after-school clubs and activities for all students to deliver a broader curriculum
- Introduced new accounting system to enable accounts to be presented according to Academy requirements, and engaged in new third party contracts for the provision of other support services

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

Public benefit

The governors of the Academy have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission

The Academy has operated in accordance with its funding agreement and appeals as a non charging, not for profit organisation throughout the period in question. Pupil admissions to the Academy have been conducted in accordance with the Hertfordshire County Council admissions policy

Achievements and performance

The Academy measures its success partly through a series of performance indicators. These indicators comprise

- Academy popularity/admissions
- Outstanding Ofsted
- SATs results and other indicators of student progress
- Staff performance monitoring
- Financial Health
- Staff turnover

The Academy converted from LA maintained school status in 1st March 2012 and is one of the most oversubscribed schools in Welwyn Garden City. We should therefore have a full complement in all year groups

Examination results for 2012 were very pleasing

- A record 95% of students achieved level 2+ results grades in English & Maths at the end of KS1
- Students achieved level 4+ results grades in English 93.2% & Maths 97% at the end of KS2, therefore level 4+ in English and Maths totalled 92%
- Students achieved level 5+ results grades in English 56% & Maths 59% at the end of KS2, therefore level 5+ in English and Maths totalled 46%
- 5 Students achieved level 6+ results grades in Maths 8.5% at the end of KS2

To ensure standards are continually raised, the Academy:

- Operates a programme of observations of lessons
- Operates a programme of learning walks
- Operates a programme of appraisal reviews
- Tracks and tackles underachievement as indicated by a number of measures (for example, by subject, class, student)
- Primary Faculty Data Analysis
- Employs an External Adviser (HIP)
- School Plan
- Self-Evaluation document

Going concern

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

Performance Indicators

Within our FMGE we committed to develop KPIs relating to intended mix of pupil ratio, staff against budget and contingency fund. This remains as work in progress for final submission and ratification to full Governing Body.

APPLECROFT PRIMARY SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

FINANCIAL REVIEW

Financial report for the period

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. Additional funding is gained from the Headteachers Consultancy work and private hirings of the school premises. The grants received from the EFA during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2012, total expenditure of £984,233 (excluding depreciation) was covered by recurrent grant funding from the EFA together with our other income. Separate income is received for the Children's Centre provision, SpLD and Nursery. The excess of income over expenditure for the period (excluding restricted fixed asset and pension funds) was £361,568.

Financial position

The Academy held fund balances at 31 August 2012 of £2,827,108 comprising £2,815,474 of restricted funds and £333,634 of unrestricted general funds and a pension reserve deficit of £322,000.

The Academy is currently paying LGPS contributions at a rate sufficient to recover the deficit over a period of 20 years. The Academy is still awaiting feedback on its request for pension pooling, the transfer to Academy status caused a significant increase in our pension contribution rate relative to the local authority level and we have been reassured that this anomaly will be resolved. The impact caused an increase in our pension contribution level of £23,000 which is approximately 2% of our annual grant.

At 31 August 2012 the net book value of fixed assets was £2,813,201 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Approximately 80% of our annual income is spent on the compensation of our staff. This is a key metric which is monitored to ensure sufficient budget balance is available for premises management, insurances and other critical education resource provision.

Reserves policy

As the Academy had only been in existence for six months at the period end Applecroft School does not yet have in place a formal reserves policy that has been approved across the full Governing Body, this is currently work in progress and will be formally prepared and ratified by the FGB during the coming school year. This is an identified action within our FMGE. The Governors have historically monitored the School Fund account which as an Academy is now classified as unrestricted funds. It has been informally agreed that a reserve equivalent to one month's gross salary (approximately £115,000) will be held. The Governors will review the reserve levels of the Academy annually. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with any unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £333,634, which is materially adequate.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the Defined Benefit Pension Scheme are set out in note 26 based on the period end actuarial valuation.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the School is recognising a significant pension fund deficit of £322,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The School is currently making payments of £72,000 per annum towards the deficit.

APPLECROFT PRIMARY SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

Investment Policy

The Academy plans to have a policy of investing its cash balances with a view to maximising returns. Greater focus is assigned to the safety of the investment. Once we have closed our finances for the 2011/12 financial year we will have greater clarity on what funds are available for investment. The Full Governing Body will approve the investment policy and will review its performance on an annual basis. The policy will aim to invest cash in a mixture of liquid and longer term investments, such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy. Amounts over this figure may be invested in longer term investments.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal risks and uncertainties

The Trustees assess the principal risks and uncertainties facing the Academy as follows:

- Staff retention: possibly the biggest single risk to the Academy would lie in its failure to retain key staff. However, it is not felt that there are any immediate threats in this regard, and that recent and current developments such as the conversion to academy has provided new and exciting opportunities for professional development.
- Material decrease in income affecting provision is unlikely. The budget for 2012-13 is positive, and the longer term financial plan shows a contingency is in place against unwelcome future events.
- Falling rolls: highly unlikely. Initial response to the conversion to academy status has showed no diminution in student and parental enthusiasm. The School has been oversubscribed for many years and there is every sign of this continuing.
- Loss of Outstanding status – unlikely. Applecroft School is considered outstanding in every category. The School conducts regular self evaluation to ensure that it "strives to excel" in every area of its educational provision.
- Staff recruitment: conversion to academy status has not affected the attractiveness of the Academy to potential new staff. Currently maintaining 100% of qualified teachers in the classroom.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade. The Academy is therefore seeking to spread its investments as and when a formal investment policy is approved and in place.
- Debtors: there are no material debtors.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.
- The Academy's IT infrastructure is protected through installation of appropriate security procedures which are regularly updated ensuring protection of school data and safeguarding of students within the network. A disaster recovery strategy is in place.
- Disaster recovery and protection – The Academy has taken various insurance policies to mitigate any financial and business risk is protected wherever possible.

Plans for the future

The Academy will continue striving to improve the levels of performance of its students at all levels, and will maintain its popularity within the community leading to a strong pupil subscription for future years.

The Academy plans to consider opportunities in support of its forward thinking approach to education within the wider community. It will be investigating the Sponsorship of other schools in order to share best practices that are applied within Applecroft which ensure maintenance of its outstanding Ofsted status.

APPLECROFT PRIMARY SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the Charitable Company's auditors in connection with preparing their report and to establish that the Charitable Company's auditors are aware of that information

AUDITORS

The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

This report was approved by order of the members of the Governing Body on 10.12.12 and signed on its behalf by



Ms C Forbes
Chair of Governors

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 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 included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 3 times during the period. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Ms C Forbes, Chair	3	3
Ms M Woodliffe, Vice Chair	3	3
Ms V Parsey, Headteacher	3	3
Mr N Gallacher, Associate Governor	3	3
Rev J Gray, Community Governor	1	3
Mr B Judge, Community Governor	2	3
Ms M O'Donovan, LEA Governor	2	3
Ms E Barden, Parent Governor	2	3
Mr G Thomson, Parent Governor	0	3
Ms S Boulton, Staff Governor	2	3

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to address financial matters.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Ms R Barden	2	3
Ms C Forbes	3	3
Mr B Judge	3	3
Ms V Parsey	3	3
Ms M Woodliffe	3	3

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 Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

APPLECROFT PRIMARY SCHOOL
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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period 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'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, Premises and Staffing 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 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 Peter Cabon as responsible officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly 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, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the RO;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises and Staffing 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 10.12.12 and signed on their behalf,
by



Ms C Forbes
Chair of Governors

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Academy 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'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.



Ms V Parsey
Accounting Officer

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors (who act as directors of Applecroft School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company and charity law requires the Governors to prepare financial statements for each financial year they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Governors are required to

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

The Governors are responsible for keeping adequate accounting records that 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 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 10.12.12 and signed on its behalf by



Ms C Forbes
Chair of Governors

APPLECROFT PRIMARY SCHOOL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLECROFT PRIMARY SCHOOL

We have audited the financial statements of Applecroft School for the period ended 31 August 2012 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 Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency.

This report is made solely to the Charitable Company's, 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company's members for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

APPLECROFT PRIMARY SCHOOL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLECROFT PRIMARY SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date 21/12/2012

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APPLECROFT
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 17 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Applecroft Primary School during the period 1 March 2012 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 Applecroft Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Applecroft Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Applecroft Primary School and the EFA, for our work, for this report, or for the conclusion we have formed

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

The Accounting Officer is responsible, under the requirements of Applecroft Primary School's funding agreement with the Secretary of State for Education dated 1 March 2012, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 March 2012 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

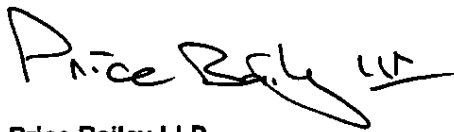
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APPLECROFT
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 March 2012 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



Price Bailey LLP

Chartered Accountants

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date 21/12/2012

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Assets received on conversion to academy	3,23	271,911	(306,000)	2,859,509	2,825,420
Other voluntary income	3	2,067	30,049	-	32,116
Activities for generating funds	4	86,311	-	-	86,311
Investment income	5	444	-	-	444
Incoming resources from charitable activities	6	-	947,267	9,752	957,019
TOTAL INCOMING RESOURCES		360,733	671,316	2,869,261	3,901,310
RESOURCES EXPENDED					
Charitable activities	8,9	27,099	939,382	81,721	1,048,202
Governance costs	7	-	8,000	-	8,000
TOTAL RESOURCES EXPENDED	10	27,099	947,382	81,721	1,056,202
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		333,634	(276,066)	2,787,540	2,845,108
Actuarial gains and losses on defined benefit pension schemes		-	(18,000)	-	(18,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		333,634	(294,066)	2,787,540	2,827,108
Total funds at 1 March 2012		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		333,634	(294,066)	2,787,540	2,827,108

All activities relate to continuing operations

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

The notes on pages 20 to 38 form part of these financial statements

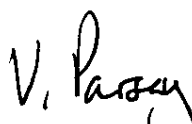
APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07917745

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £
FIXED ASSETS			
Tangible assets	15		2,813,201
CURRENT ASSETS			
Debtors	16	94,877	
Cash at bank and in hand		343,261	
		<u>438,138</u>	
CREDITORS: amounts falling due within one year	17	<u>(102,231)</u>	
NET CURRENT ASSETS			<u>335,907</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,149,108</u>
Defined benefit pension scheme liability	24		<u>(322,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,827,108</u></u>
FUNDS OF THE ACADEMY			
Restricted funds			
Restricted funds	18	27,934	
Restricted fixed asset funds	18	2,787,540	
		<u>2,815,474</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(322,000)</u>	
Total restricted funds			2,493,474
Unrestricted funds	18		<u>333,634</u>
TOTAL FUNDS			<u><u>2,827,108</u></u>

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


Ms C Forbes, Chair


Ms V Parsey, Headteacher

The notes on pages 20 to 38 form part of these financial statements

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

		Period Ended 31 August 2012 £
	Note	
Net cash flow from operating activities	20	368,871
Returns on investments and servicing of finance	21	444
Capital expenditure and financial investment	21	(26,054)
INCREASE IN CASH IN THE PERIOD		<u><u>343,261</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012

	Period Ended 31 August 2012 £
Increase in cash in the period	<u>343,261</u>
MOVEMENT IN NET FUNDS IN THE PERIOD	<u>343,261</u>
NET FUNDS AT 31 AUGUST 2012	<u><u>343,261</u></u>

The notes on pages 20 to 38 form part of these financial statements

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the Young People's Learning Agency, applicable accounting standards and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except where noted, is set out below.

1.2 Company status

The academy is a company limited by guarantee. Those members who are the Governors are noted on page 1 who undertake to contribute to the assets of the company in the event of it being wound up while they are members or within one year after ceasing to be a member. The liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

Investment income, gains and losses are allocated to the appropriate fund.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

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

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.

Donated Services and Gifts in Kind

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

Donations

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

Other

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

1.5 Resources expended

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

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 Governor's meetings and reimbursed expenses.

Where an expense is deemed to be for business purposes i.e. not in relation to the academy's charitable purpose, the expenditure this relates to will include irrecoverable VAT.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

The Governors 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 Governors make this assessment in respect of a period of twelve months from the date of approval of the financial statements.

1.7 Tangible fixed assets and depreciation

Assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and 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 in the course of construction and not yet in use are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

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

Long Term Leasehold Land	-	Over the term of the lease
Long Term Leasehold Buildings	-	20 years straight line
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	3 - 15 years straight line
Leasehold improvements	-	20 years straight line

1.8 Operating leases

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

1.9 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.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

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

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

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

1.11 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Applecroft School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for academy. 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 unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

2. GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and carry forward for the period	
GAG allocation for current period	710,829
Total GAG available to spend	710,829
Recurrent expenditure from GAG	(658,033)
Fixed assets purchased from GAG	(26,055)
GAG carried forward to next year	26,741
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(85,299)
GAG to surrender to DfE	(58,558)
(12% rule breached if result is positive)	No breach

3. OTHER VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Assets received on conversion to academy	271,911	2,553,509	2,825,420
Donations	2,067	30,049	32,116
Voluntary income	273,978	2,583,558	2,857,536

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Hire of Facilities	14,822	-	14,822
Catering Income	25,765	-	25,765
Other Income	45,724	-	45,724
	86,311	-	86,311

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

5. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank Interest	444	-	444
	<u>444</u>	<u>-</u>	<u>444</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Funding for academy's charitable activities	-	957,019	957,019
	<u>-</u>	<u>957,019</u>	<u>957,019</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
DfE/EFA revenue grant			
General Annual Grant (GAG)	-	710,829	710,829
Other DfE / EFA grants	-	15,002	15,002
Start up grant	-	25,000	25,000
	<u>-</u>	<u>750,831</u>	<u>750,831</u>
Other government grants			
Local authority grants	-	206,188	206,188
	<u>-</u>	<u>206,188</u>	<u>206,188</u>
	<u>-</u>	<u>957,019</u>	<u>957,019</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	4,200	4,200
Auditors' non audit costs	-	3,800	3,800
	<u>-</u>	<u>8,000</u>	<u>8,000</u>

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

8. DIRECT COSTS

	Total 2012 £
Educational supplies	79,979
Educational consultancy	5,916
Other costs	728
Teaching and educational support services	498,574
National insurance	32,505
Pension cost	72,974
	<hr/> 690,676 <hr/>

9. SUPPORT COSTS

	Total 2012 £
Pension interest adjustment (FRS 17)	6,000
Staff development	11,800
Technology costs	10,693
Travel & subsistence	254
Other costs	4,537
Maintenance of premises & machinery	5,263
Cleaning	592
Rates	3,777
Energy	6,797
Insurance	15,853
Catering	30,666
Occupancy costs	7,821
Bank interest & charges	182
Supply teaching	1,783
Telephone	3,067
Printing, postage and stationary	5,451
Professional fees	38,360
Wages and salaries	115,829
National insurance	2,439
Pension cost	14,393
Depreciation	71,969
	<hr/> 357,526 <hr/>

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Provision of Education	736,714	71,969	239,519	1,048,202
Governance	-	-	8,000	8,000
	<u>736,714</u>	<u>71,969</u>	<u>247,519</u>	<u>1,056,202</u>

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	Period Ended 31 August 2012 £
Depreciation of tangible fixed assets - owned by the charity	71,969
Auditors' remuneration	4,200
Auditors' remuneration - non-audit	<u>3,800</u>

During the period, no Governors received any benefits in kind
During the period, no Governors received any reimbursement of expenses

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

12. STAFF COSTS

Staff costs were as follows

	Period Ended 31 August 2012 £
Wages and salaries	614,403
Social security costs	34,944
Other pension costs (Note 24)	87,367
	<u>736,714</u>

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

	Period Ended 31 August 2012 No
Teachers	17
Administration and Support	18
Management	1
	<u>36</u>

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

	Period Ended 31 August 2012 No
In the band £80,001 - £90,000	<u>1</u>

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2012 the academy made pension contributions totalling £5,584 on their behalf.

13. GOVERNORS' REMUNERATION

The academy is following the guidance in the EFA's note 'Disclosure in Academy Trusts 2011/12 Financial Statements of remuneration of Trustees who are Staff Governors - October 2012', where disclosure of the remuneration paid to staff governors who are not trustees is not required. For the purposes of this disclosure, trustees are those governors who are Members.

In the period ended 31 August 2012 the Chief Executive Officer's remuneration was £47,188, of which £5,584 was the academy's contribution to the Teachers Pension Scheme.

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance cover provides up to £250,000 on any one claim and the cost for the period ended 31 August 2012 formed part of the overall insurance cover for the Academy.

15. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Additions	20,470	5,584	-	26,054
Transfers on conversion	2,752,945	73,076	33,488	2,859,509
Disposals	-	(393)	-	(393)
At 31 August 2012	2,773,415	78,267	33,488	2,885,170
Depreciation				
Charge for the period	47,324	16,782	7,863	71,969
At 31 August 2012	47,324	16,782	7,863	71,969
Net book value				
At 31 August 2012	2,726,091	61,485	25,625	2,813,201

The long term leasehold property has been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. The Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

16. DEBTORS

	2012 £
Other debtors	39,897
Prepayments and accrued income	54,980
	94,877

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

17. CREDITORS:
Amounts falling due within one year

	2012 £
Trade creditors	16,461
Other creditors	42,329
Accruals and deferred income	43,441
	<u>102,231</u>
	£
Deferred income	
Amounts received for trips occurring in 2012/13	<u>4,550</u>

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
Unrestricted funds	-	360,733	(27,099)	-	333,634
	<u>-</u>	<u>360,733</u>	<u>(27,099)</u>	<u>-</u>	<u>333,634</u>
Restricted funds					
General Annual Grant (GAG)	-	710,829	(684,088)	-	26,741
SEN	-	325	(325)	-	-
Pupil premium	-	5,250	(5,250)	-	-
Start up grant	-	25,000	(25,000)	-	-
Educational visits	-	30,049	(28,856)	-	1,193
Base income	-	68,613	(68,613)	-	-
SEYFF - Early Years Foundation	-	69,478	(69,478)	-	-
Sure Start funding	-	8,979	(8,979)	-	-
Children's Centre	-	53,329	(53,329)	-	-
Other restricted funds	-	5,464	(5,464)	-	-
Pension reserve	-	(306,000)	2,000	(18,000)	(322,000)
	<u>-</u>	<u>671,316</u>	<u>(947,382)</u>	<u>(18,000)</u>	<u>(294,066)</u>

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carned Forward £
Restricted Fixed Assets	-	2,859,509	(71,969)	-	2,787,540
DFC	-	9,752	(9,752)	-	-
	-	2,869,261	(81,721)	-	2,787,540
Total restricted funds	-	3,540,577	(1,029,103)	(18,000)	2,493,474
Total of funds	-	3,901,310	(1,056,202)	(18,000)	2,827,108

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carned Forward £
General funds	-	360,733	(27,099)	-	333,634
Restricted funds	-	671,316	(947,382)	(18,000)	(294,066)
Restricted fixed asset funds	-	2,869,261	(81,721)	-	2,787,540
	-	3,901,310	(1,056,202)	(18,000)	2,827,108

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure

Special Educational Needs (SEN)

This represents allocated funding for special educational needs pupils

Pupil Premium

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals

Start Up Grant

This represents a grant to aid with start up costs for the Academy on conversion

Educational Visits

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips

APPLECROFT PRIMARY SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

18. STATEMENT OF FUNDS (continued)

Base Income

This funding is to provide specific learning support to a designated area of schools in Hertfordshire

SEYFF Early Years Foundation

This funding is to provide support for the Nursery provision at Applecroft School

Sure Start Funding

This funding is to provide support for Applecroft Children's Centre

Children's Centre

This funding is to provide support for 800 children under the age of 5 years in a designated area of Hertfordshire

Pension Reserve

This fund represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from being a state controlled school

Restricted Fixed Asset Fund

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

Devolved Formula Capital (DFC) Fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	25,661	-	2,787,540	2,813,201
Current assets	428,204	9,934	-	438,138
Creditors due within one year	(102,231)	-	-	(102,231)
Provisions for liabilities and charges	(18,000)	(304,000)	-	(322,000)
	<u>333,634</u>	<u>(294,066)</u>	<u>2,787,540</u>	<u>2,827,108</u>

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20. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period Ended 31 August 2012 £
Net incoming resources before revaluations	2,845,108
Returns on investments and servicing of finance	(444)
Assets received on conversion	(2,859,509)
Deficit on disposal of tangible fixed assets	393
Depreciation of tangible fixed assets	71,969
Increase in debtors	(94,877)
Increase in creditors	102,231
FRS 17 adjustments	304,000
Net cash inflow from operations	368,871

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period Ended 31 August 2012 £
Returns on investments and servicing of finance	
Interest received	444
	444
	Period Ended 31 August 2012 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(26,054)

22. ANALYSIS OF CHANGES IN NET DEBT

	1 March 2012 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	343,261	-	343,261
Net funds	-	343,261	-	343,261

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23. CONVERSION TO AN ACADEMY TRUST

On 1 March 2012 Applecroft Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Applecroft Primary School from Hertfordshire County Council for £Nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	2,859,509	2,859,509
Budget surplus/(deficit) on LA funds	198,458	-	-	198,458
Budget surplus/(deficit) on other school funds	73,453	-	-	73,453
LGPS pension surplus/(deficit)	-	(306,000)	-	(306,000)
Net assets/(liabilities)	<u>271,911</u>	<u>(306,000)</u>	<u>2,859,509</u>	<u>2,825,420</u>

The above net assets include £271,911 that was transferred as cash

24. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts, are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in

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24. PENSION COMMITMENTS (continued)

notional investments that produce that real rate of return

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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 and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £41,000, of which employer's contributions totalled £34,000. The agreed contribution rate for future years are 16.8% for employers and 6.6% for employees.

As described in note 23 the LGPS obligation relates to the employees of the Academy, who were the

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24. PENSION COMMITMENTS (continued)

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.

The amounts recognised in the Balance Sheet are as follows

	Period Ended 31 August 2012 £
Present value of funded obligations	(515,000)
Fair value of scheme assets	193,000
	<u>(322,000)</u>
Net liability	<u>(322,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows

	Period Ended 31 August 2012 £
Current service cost	(26,000)
Interest on obligation	(11,000)
Expected return on scheme assets	5,000
	<u>(32,000)</u>
Total	<u>(32,000)</u>
Actual return on scheme assets	<u>1,000</u>

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

	Period Ended 31 August 2012 £
Current service cost	26,000
Interest cost	11,000
Contributions by scheme participants	7,000
Actuarial Losses	14,000
Present value of defined benefit obligation on conversion	457,000
	<u>515,000</u>
Closing defined benefit obligation	<u>515,000</u>

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24. PENSION COMMITMENTS (continued)

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

	Period Ended 31 August 2012 £
Expected return on assets	5,000
Actuarial gains and (losses)	(4,000)
Contributions by employer	34,000
Contributions by employees	7,000
Fair value of scheme assets on conversion	151,000
	<hr/> 193,000 <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £18,000 loss

The Academy expects to contribute £66,000 to its Defined Benefit Pension Scheme in 2013

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

	2012
Equities	69.00 %
Bonds	19.00 %
Property	6.00 %
Cash	6.00 %

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

	2012
Discount rate for scheme liabilities	4.10 %
Expected return on scheme assets at 31 August	4.90 %
Rate of increase in salaries	4.50 %
Rate of increase for pensions in payment / inflation	2.20 %

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

	2012
Retiring today	
Males	21.0
Females	23.8
Retiring in 20 years	
Males	22.9
Females	25.7

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24. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(515,000)
Scheme assets	193,000
	<u>(322,000)</u>
Deficit	<u>(322,000)</u>
Experience adjustments on scheme assets	<u>(4,000)</u>

25. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period to 31 August 2012