

Registration number: 08163457

# Nettleham Infant School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2014



Forrester Boyd  
Waynflete House  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

 **Forrester Boyd**  
Chartered Accountants

 **UK200Group**  
Independent quality assured professionals

**Praxity**  
ASSOCIATE  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

# **Nettleham Infant School**

## **Contents**

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 12
Governance Statement	13 to 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 to 19
Independent Reporting Accountant's Report on Regularity	20 to 21
Statement of Financial Activities incorporating Income and Expenditure Account	22 to 23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Financial Statements	26 to 44

## **Nettleham Infant School**

### **Reference and Administrative Details**

<b>Members</b>	C Griffiths G McNeill I Wallace J Walker
<b>Governors and Trustees (Directors)</b>	D Ball, staff governor (appointed 24 September 2013 and resigned 31 August 2014) R Ball (appointed 3 November 2014) S Brownlow, staff governor (appointed 24 September 2013 and resigned 31 August 2014) T Clynes, parent governor, chair of pupils and curriculum committee N Driffill, head teacher G Edwards, staff governor (appointed 1 September 2014) C Griffiths, chair of governing body M Jackson, chair of resources, finance and audit committee C Jollands, staff governor (appointed 1 September 2014) G McNeil, vice chair of governing body A McRobbie, parent governor (resigned 31 August 2014) L Nefedov, staff governor (appointed 1 September 2014) J Walker, parent governor I Wallace, parent governor
<b>Senior Management Team</b>	N Driffill, head teacher D Ball, school business manager E Toulson, deputy head teacher K Lodge, foundation stage leader
<b>Principal and Registered Office</b>	All Saints Lane Nettleham Lincoln Lincolnshire LN2 2NT
<b>Company Registration Number</b>	08163457
<b>Auditors</b>	Forrester Boyd Waynflete House 139 Eastgate Louth Lincolnshire LN11 9QQ

## **Nettleham Infant School**

### **Reference and Administrative Details (continued)**

<b>Bankers</b>	Lloyds TSB Bank PLC High St Lincoln 202 High Street Lincoln Lincolnshire LN5 7AP
<b>Solicitors</b>	Legal Services Lincolnshire County Offices Newland Lincoln Lincolnshire LN1 1YL

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### ***Constitution***

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as the trustees for the charitable activities of Nettleham Infant School and are also the directors of the charitable company for the purposes of company law.

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

##### ***Members' liability***

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

##### ***Trustees' indemnities***

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

##### ***Principal Activities***

The principal activity of the charitable company is the operation of the Nettleham Infant Academy to provide education for pupils of different abilities between the ages of 4 and 7.

##### ***Method of recruitment and appointment or election of Trustees***

The governors are appointed by a majority resolution of the Board. Parent governors are appointed in compliance with a process set out and implemented nationwide by other local authorities and in accordance with the Department of Education guidelines. Other governors are recruited and appointed to ensure there is a breadth of skills and knowledge necessary to advance the academy in all areas. The Articles of Association require members of the charitable company to appoint at least three governors to be responsible for the statutory and constitutional affairs of the charitable company and management of the academy.

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### ***Organisational structure***

The management structure of the academy consists of the governors and the leadership team.

The governors meet on a regular basis and fulfil a mainly strategic role in the running of the academy with detailed decision making being delegated to committees and the Head Teacher and her team. The governors are responsible for setting general policy, adopting an annual school development plan and budget, monitoring the academy by the use of budgets and making major decisions regarding the strategic direction of the academy, capital expenditure and senior staff appointments in consultation with the Head Teacher.

The leadership team is led by the Head Teacher who is supported on a day to day basis by the Deputy Head Teacher and wider leadership team, which comprises of the personnel listed on page 2.

The senior leaders manage the academy at an executive level implementing the policies agreed by the governors reporting back to them on progress. The Head Teacher and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Head Teacher has taken on the role of the accounting officer.

#### ***Risk management***

The governors have assessed the major risks to which the academy is exposed in particular those relating to teaching, provision of facilities and other operational areas of the academy and its finances. Appropriate systems, policies, procedures and controls have been put in place so as to ensure that the various risks do not impact adversely on the academy's operations. Appropriate insurances are in place. A risk register has been prepared which sets out the principle risks affecting the academy and the controls that exist to mitigate their effect. The governors consider that the principle risks and uncertainties affecting the academy are:

- The likelihood of an Ofsted visit in the near future
- The uncertainty of future funding
- Ensuring sufficient student recruitment
- Implementing curriculum changes in line the a revised curriculum
- Complying with pension changes brought about by the auto enrolment programme and also the valuation of the Local Government Pension Scheme
- Ensuring sufficient funding for capital development and refurbishment
- Ensuring thorough vetting of staff and visitors
- Ensuring the security of the school site
- Supervision of school grounds
- Pressures on the main budget caused by supporting children with significant additional needs who are not in receipt of LA funding
- Financial pressure caused by significant numbers of staff who are in receipt of salaries on the Upper Pay Scale
- Non-refundable insurance costs at the end of the initial three year contract with the school insurers
- Redundancy payments for 1:1 support staff as their contract in school ends once the child they work with leaves the school

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### ***Connected organisations, including related party relationships***

The school works in collaboration with

Bardney Primary School  
Fiskerton Primary School  
Reepham Primary School  
Wragby Primary School

To further its own aims and theirs of providing high quality education for all our pupils.

The school also works in collaboration with the Petwood School Business Manager Cluster Group for networking, sharing of information, and ensuring that value for money is secured on procurement.

#### **Objectives and activities**

##### ***Objects and aims***

The principal objectives of the academy are as follows:

- Ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievements of all pupils, by focussing on core subjects
- To improve the effectiveness of the academy by keeping the curriculum and the organisational structure under continual review
- To provide value for money for the funds expended
- To comply with the appropriate statutory and curriculum requirements
- To make Nettleham Infant Academy a valued community resource and to conduct the academy's business in accordance with the high standards of integrity, probity and openness.

We strive to achieve for each individual pupil their maximum potential for academic, physical and social achievement.

We encourage the children to become literate and numerate with high levels of spoken, investigative and problem solving skills, together with a balanced view of the world. We promote equally important social skills such as cooperation, tolerance, care for oneself and others and good manners.

The information below outlines specific work undertaken in 2013 – 2014 with the aim to achieve our goal.

- To continue to develop and train staff to provide appropriate interventions that will support vulnerable children in school.
- To implement robust systems and procedures in preparation for the changes to Teachers Pay and Conditions
- To develop and strengthen the curriculum, embedding the recommendations of the new National Curriculum ready for implementation in September 2014
- To ensure that Teaching and Learning is graded as at least good in 100% of lessons with an increase in the number of lessons graded as outstanding.
- Ensure that all children, including vulnerable groups, make at least good progress – especially in writing, reading and maths

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### ***Objectives, strategies and activities***

- **SMSC/ VULNERABLE CHILDREN/ SAFETY**

To continue to develop and train staff to provide appropriate interventions that will support vulnerable children in school.

- **LEADERSHIP AND MANAGEMENT**

To implement robust systems and procedures in preparation for the changes to Teachers Pay and Conditions

- **CURRICULUM**

To develop and strengthen the curriculum, embedding the recommendations of the new National Curriculum ready for implementation in September 2014

- **TEACHING AND LEARNING**

To ensure that Teaching and Learning is graded as at least good in 100% of lessons with an increase in the number of lessons graded as outstanding.

- **ACHIEVEMENT**

Ensure that all children, including vulnerable groups, make at least good progress – especially in writing, reading and maths



## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### ***Public benefit***

The primary purpose of Nettleham Infant Academy is the advancement of education within the local area. To this end, the academy has developed strong links with several local primary schools as part of a collaborative partnership ensuring sharing of good practice and appropriate support and challenge when needed. It also allows the children in our school to work alongside peers from other schools widening their experiences.

The school also works in partnership with Beck side Pre School providing them with facilities on our site. This leads to a smooth transition from pre-school to reception class for the majority of students. This contributes to the community ethos upheld by the academy. The school is currently negotiating the renewal of the lease agreement with the proprietor of Beck Side ensuring continuity for the next 5 years.

Inextricably linked with this purpose, is the aim of contributing to the public good with the provision of incidental educational activities and other community activities. Over the last year, such events have included the following:

- Local clubs and groups use the academy's facilities including a French club, Storybook Club, Cookery Club, football club, multi skills club and Irish dancing club.
- Nettleham Infant Academy actively supports local suppliers for goods and services ensuring best value whilst continuing to support the community ethos.
- The academy has arranged several activities for parents and carers in the last year, for example; Grandparents Day, Farmers Market, School Fairs and Meal tasting events.

The Academy has given a high priority to providing public benefit to a cross section of the community regardless of family background, but perhaps its greatest benefit is its provision of an education that maximises each students potential by developing confident, enthusiastic, open minded learners, who respect the beliefs of others and are determined to make a positive contribution to society.

#### **Equal Opportunities**

Governors recognise equal opportunities must be an integral part of good practice within the work place. The academy aims to establish equality of opportunity in all areas of its activities in which the contribution and needs of all stakeholders are fully valued. The policy of the academy is to support the recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment and ensuring that support and resources are available through training and well managed funds.

## Nettleham Infant School

### Trustees' Report for the Year Ended 31 August 2014 (continued)

#### Strategic Report

##### Achievements and performance

Performance is measured against the aim of giving all our pupils the opportunity to reach their full potential. This is illustrated by pupil achievement in national assessments and tests at the end of Key Stage 1 and by the achievement by pupils at the end of reception.

The ability of very young children is assessed using the Foundation Stage Profile. Each child is expected to reach a good level of development in key areas of the curriculum including PSE, language and communication, physical development, literacy and mathematics. The academy achieved significantly above national averages as illustrated below.

##### Early Years Foundation Stage Performance

(ELG - Early Learning Goal)

Scoring 2+ point in prime ELG		Scoring 2+ points in specific ELG		Scoring 34 + points across all ELG		Scoring 2+ points in every ELG	
2013	2014	2013	2014	2013	2014	2013	2014
80.1	91.5	75	83.1	76.7	83.1	73.3	83

Average point score 2014 = 40.8

LA Average point score 2014 = 35.4

National Average point score = 33.8

##### Year 1 Phonics 2014

% Working Towards Expected Level		% Working at or above		Average Score in Phonics Screen	
2013	2014	2013	2014	2013	2014
25	5.1	75	83.1	33.7	36.8

LA average % working at or above expected level = 79.1

National average % at or above expected level = 74.2

##### End of KS1 Results July 2014

	Level 2c +	Level 2b+	Level 2a+	Level 3 +
Reading	100	98	93	49
Writing	98	84	64	19
Maths	98	91	79	35

##### Principal risks and uncertainties

These have been outlined in the Risk Management section of the Governors' report

Key Stage 1 pupil progress for children with special educational needs.

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### **Strategic Report**

##### **Creative Curriculum Achievements**

The academy choral speaking group participated in the annual Lincoln Music and Drama Festival held at the Methodist Church in Lincoln where they competed against children from other schools.

All the children participated in Art week using a stimulus painting and following the National Gallery's scheme they produced a wide range of work covering all areas of the curriculum including Science and ICT

The children have participated in a science week where the school worked with the PTA to source and pay for an external provider to launch the week with a show and workshops in each class.

All the children participated in School Sports Week where they had the opportunity to sample a variety of sports both competitive and non-competitive

##### ***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.

##### **Financial review**

The accounts for the period to 31 August 2014 encompass the second operational school year for the Nettleham Infant Academy. The academy is dependent on the support of the Educational Funding Agency but does have limited income from leasing space to Beck Side Pre School and support in purchasing specific resources from the Parent Teachers Association. The academy is aware that there is a deficit in the pension fund that we need to be aware of.

The academy is committed to improving standards in all year groups for all children; as such additional funding received on conversion has been allocated and used to ensure significant improvements to the school environment, resources and enabled us to provide additional targeted support. The school improvement plan for 2014 -2015 shows the aims and objectives of the academy for the next year and indicates where resources will be needed and money will be spent.

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### **Strategic Report**

##### ***Financial and risk management objectives and policies***

The academy enters its third year in 2014 - 2015 and has set a balanced budget not taking in to account reserves from 2013 - 2014. The academy is almost full and LA projections show this trend continuing and therefore risks to revenue funding from a falling roll are currently low.

We must be mindful, however, of new schools being built in the local area and it is important to build on past results and ensure the standards of the academy continue to remain high.

The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full governors and finance committee meetings.

The Senior Management team review funds regularly and anticipate the funding necessary to cover known and anticipated commitments. This is reported to governors on a regular basis.

##### ***Reserves policy***

The policy of the governors is to maintain a level of reserves that will be adequate to provide a stable base for the operation of the academy, whilst ensuring that excessive funds are not accumulated. The governors are satisfied that the academy's reserves are sufficient for its current purpose.

The reserves as of 31 August 2014 amounted to £1,140,956 which comprised primarily of restricted fixed asset reserves, the free reserves amounted to £44.

The academy has a pension scheme liability of £300,000 as of 31st August 2014. The liability is included in restricted reserves and the academy will have to meet any long term liability out of restricted reserves. The disclosure of the pension liability does not mean that the liability is already committed and is no longer available to the governors to further the academy's objectives. It does not mean that an immediate liability for this amount crystallises. In the short term the cash flow impact of having a pension scheme liability may be that the employer contributions may increase to reduce the liability. The academy will always pay the employer contribution rate set by the pension scheme administrators.

The academy has recently entered into an insurance scheme to cover any liabilities that may result from any retirement on ill health grounds.

##### ***Investment policy***

The academy's articles of association enable it to deposit any funds not immediately required. Given the low level of surplus funds at any time the academy's policy is to hold them as bank deposits.

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### **Strategic Report**

##### *Plans for future periods*

###### **SDP targets 2014-2015**

To achieve these aims Nettleham Infant School Academy has studied and implemented the new framework for the national curriculum as well as the changes to teachers pay and conditions. The following areas will be a priority for the school over the next academic year.

###### **Curriculum**

To implement the new National Curriculum; reviewing and revising assessment procedures accordingly

Rationale: New National Curriculum implementation September 2014 and the removal of the previous levels system used to measure children's progress and attainment

###### **Success Criteria:**

- Statutory Requirements for new National Curriculum met
- School curriculum retains its investigative, cross-curricular approach
- Staff develop and use a system to show progress and attainment through KS1
- The curriculum is creative and fully cross curricular

###### **Teaching and Learning**

To ensure that the quality of teaching over time is at least good and often outstanding. This will have a direct impact on the progress pupils make in lessons and over time

Rationale: Teaching is currently consistently Good and often Outstanding; progress for all groups is at least Good and often Outstanding;

Monitoring showed that teaching was on the whole consistently good or better over the last academic year - an increase in Outstanding teaching is required

###### **Success Criteria**

- 100% lessons graded Good; over 50% graded Outstanding
- Majority of Progress measures indicate Outstanding
- Areas for development for individual teachers and across the school are effectively identified and addressed
- Subgroups continue to progress well; gaps (e.g. FSM) narrow
- Teachers feel practice is developing through shared training.

###### **Vulnerable Learners**

To establish a small 'Nurture' type group within the school

Rationale: The school is seeing an increase in numbers of children experiencing Social, Emotional and Behavioural difficulties which are impacting on their learning and achievement

###### **Success Criteria**

- All vulnerable pupils are effectively mentored and supported by a Learning Mentor resulting in a direct and positive impact upon pupils' behaviour and choices in learning.
- Children attending nurture group make at least good and if not better progress over the year in R, W and M

## **Nettleham Infant School**

### **Trustees' Report for the Year Ended 31 August 2014 (continued)**

#### **Leadership and management**

To ensure that the school complies with the new SEN Code of Practice

Rationale: To ensure that the school complies with the statutory regulations set out in the new SEN Code of Practice and that staff are aware of changes to the systems within the school

#### **Success Criteria**

- Attainment of SEN pupils, whether FSM or not, is at least in line with National expectations or better
- The school is compliant with the SEN Code of Conduct 2014

#### **Leadership and Management**

Ensure there is strong governance to challenge the school effectively

Rationale: To ensure that all governors are confident in their role and understand the schools strengths and areas for further development

#### **Success Criteria**

- Governors are confident when discussing schools strengths and areas for development
- Governors understand the wide range of evidence available to them and how to use it when looking at school improvement

#### **Community**

Engage parents strongly in the life and work of the school to benefit pupils

Rationale: With many working parents in a year of significant change in education we need to ensure that parents feel fully informed about the work of the school.

#### **Success Criteria**

- Parents are secure in what is covered in school - they have a sound knowledge of the curriculum
- All parents have an understanding of the progress and standards achieved by their own children and how this relates to the national picture
- They understand school policies and procedures

#### **Funds held as Custodian Trustee on behalf of others**

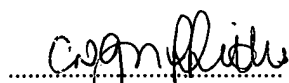
The academy trust or its trustees do not act as custodian trustee.

#### **Auditor**

In so far as the Trustees are aware:

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

Approved by order of the board of governors on 1 December 2014 and signed on its behalf by:



C Griffiths

Governor and trustee

## **Nettleham Infant School**

### **Governance Statement**

#### **Scope of responsibility**

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

The board of trustees has delegated the day-to-day responsibility to N Driffill, 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 Nettleham Infant School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Griffiths	5	5
G McNeil	4	5
J Walker	3	5
I Wallace	4	5
M Jackson	5	5
A McRobbie	4	5
T Clynes	5	5
D Ball	3	5
S Brownlow	2	5
N Driffill	4	5

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to advise the academy board on matters of solvency, budgeting, financial reporting, audit and other compliance issues. It will act on the academy's behalf to exercise oversight of the conduct of all financial affairs. It receives reports from the Responsible Officer and incorporates the role of an audit committee. This committee also oversees the buildings and grounds including security and health and safety matters. Attendance at meetings during the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
M Jackson	2	2
C Griffiths	2	2
D Ball	2	2
A McRobbie	2	2
N Driffill	2	2
S Brownlow	1	2

## **Nettleham Infant School**

### **Governance Statement (continued)**

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Nettleham Infant School for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The board of trustees 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 board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### **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 board of trustees;
- 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 board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed J Walker 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 a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees's financial responsibilities.

There were no material control or other issues reported by the RO to date.

#### **Review of effectiveness**

As Accounting Officer, N Drifill 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.



## Nettleham Infant School

### Governance Statement (continued)

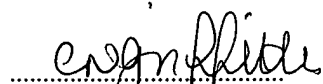
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 1 December 2014 and signed on its behalf by:



N Driffill

Governor and trustee



C Griffiths

Governor and trustee

## **Nettleham Infant School**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Nettleham Infant School I have considered my responsibility to notify the academy trust board of trustees 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 board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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



.....  
N Driffill  
Accounting Officer

## Nettleham Infant School

### Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2013 to 2014 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

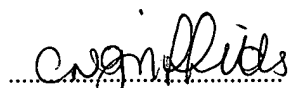
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed 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 Trustees 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 Trustees 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 Trustees 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 Board on 1 December 2014 and signed on its behalf by:

  
.....  
C Griffiths  
Governor and trustee

## **Nettleham Infant School**

### **Independent Auditor's Report on the Financial Statements to the members of Nettleham Infant School**

We have audited the financial statements of Nettleham Infant School for the year ended 31 August 2014, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 17), the trustees (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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' 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 the 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2013 to 2014 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

## **Nettleham Infant School**

### **Independent Auditor's Report on the Financial Statements to the members of Nettleham Infant School (continued)**

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



Alan Nesbitt BA FCA (Senior Statutory Auditor)  
For and on behalf of Forrester Boyd, Chartered Accountants

Waynflete House  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

17 December 2014

## **Nettleham Infant School**

### **Independent Reporting Accountant's Report on Regularity to Nettleham Infant School and the Education Funding Agency**

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

This report is made solely to Nettleham Infant School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Nettleham Infant School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Nettleham Infant School and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Nettleham Infant School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Nettleham Infant Schools funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency. 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

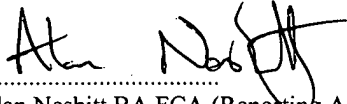
- evaluating the systems and control environment;
- assessing the risk of irregularity, impropriety and non-compliance;
- confirming the activities of the Academy are in keeping with the academy's framework and the charitable objectives; and
- obtaining representations from the accounting officer and key management personnel.

#### **Conclusion**

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

**Nettleham Infant School**

**Independent Reporting Accountant's Report on Regularity to Nettleham Infant School  
and the Education Funding Agency (continued)**



.....  
Alan Nesbitt BA FCA (Reporting Accountant)  
For and on behalf of Forrester Boyd, Chartered Accountants

Waynflete House  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

17 December 2014

# **Nettleham Infant School**

## **Statement of Financial Activities for the Year Ended 31 August 2014** **(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income						
Transfer on conversion	2	-	-	-	-	1,309,739
Other voluntary income	2	668	-	-	668	2,565
Activities for generating funds	3	27,724	-	-	27,724	35,927
Investment income	4	78	-	-	78	94
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	779,031	-	779,031	833,970
Total incoming resources		<u>28,470</u>	<u>779,031</u>	<u>-</u>	<u>807,501</u>	<u>2,182,295</u>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Cost of generating funds		11,544	495	-	12,039	8,995
<i>Charitable activities:</i>						
Academy's educational operations		12,601	797,481	29,568	839,650	822,467
Governance costs	8	-	33,571	-	33,571	48,118
Total resources expended	6	<u>24,145</u>	<u>831,547</u>	<u>29,568</u>	<u>885,260</u>	<u>879,580</u>
Net incoming/(outgoing) resources before transfers		4,325	(52,516)	(29,568)	(77,759)	1,302,715
Gross transfers between funds		<u>(37,650)</u>	<u>37,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure)/income for the year		(33,325)	(14,866)	(29,568)	(77,759)	1,302,715
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	22	-	(88,000)	-	(88,000)	4,000
Net movement in (deficit)/funds		(33,325)	(102,866)	(29,568)	(165,759)	1,306,715



# **Nettleham Infant School**

## **Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
<b>Reconciliation of funds</b>						
Funds/(deficit) brought forward at 1 September 2013		33,369	(197,086)	1,470,432	1,306,715	-
Funds/(deficit) carried forward at 31 August 2014		44	(299,952)	1,440,864	1,140,956	1,306,715

All of the academy's activities derive from continuing operations during the above two periods.

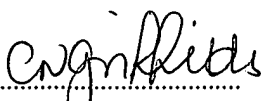
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# Nettleham Infant School

(Registration number: 08163457)  
Balance Sheet as at 31 August 2014

	Note	31 August 2013 £	31 August 2013 £
<b>Fixed assets</b>			
Tangible assets	12	1,440,864	1,470,432
<b>Current assets</b>			
Debtors	13	21,161	13,051
Cash at bank and in hand		<u>24,844</u>	<u>30,732</u>
		46,005	43,783
Creditors: Amounts falling due within one year	14	<u>(45,913)</u>	<u>(3,500)</u>
Net current assets		<u>92</u>	<u>40,283</u>
Total assets less current liabilities		<u>1,440,956</u>	<u>1,510,715</u>
Net assets excluding pension liability		1,440,956	1,510,715
Pension scheme liability	22	<u>(300,000)</u>	<u>(204,000)</u>
Net assets including pension liability		<u>1,140,956</u>	<u>1,306,715</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		48	6,914
Restricted fixed asset fund		1,440,864	1,470,432
Restricted pension fund		<u>(300,000)</u>	<u>(204,000)</u>
		1,140,912	1,273,346
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>44</u>	<u>33,369</u>
Total funds		<u>1,140,956</u>	<u>1,306,715</u>

The financial statements on pages 22 to 44 were approved by the Trustees, and authorised for issue on 1 December 2014 and signed on their behalf by:

  
.....  
C Griffiths  
Governor and trustee

# **Nettleham Infant School**

## **Cash Flow Statement for the Year Ended 31 August 2014**

	Note	31 August 2014 £	31 August 2013 £
Net cash (outflow)/inflow from operating activities	18	(5,966)	14,899
Cash transferred on conversion to an academy trust		-	15,739
Returns on investments and servicing of finance	19	<u>78</u>	<u>94</u>
(Decrease)/increase in cash in the year	20	<u>(5,888)</u>	<u>30,732</u>

### **Reconciliation of net cash flow to movement in net funds**

(Decrease)/increase in cash in the year	(5,888)	30,732
Net funds at 1 September 2013	<u>30,732</u>	<u>-</u>
Net funds at 31 August 2014	<u>24,844</u>	<u>30,732</u>

All of the cash flows are derived from continuing operations during the above two periods.

## **Nettleham Infant School**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

#### **1 Accounting policies**

##### **Basis of preparation**

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

##### **Going concern**

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

##### **Incoming resources**

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

##### ***Grants receivable***

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

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

##### ***Sponsorship income***

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

##### ***Donations***

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

##### ***Other income***

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

## **Nettleham Infant School**

### **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

#### **1 Accounting policies (continued)**

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust 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 Academy Trust's policies.

##### **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.

All resources expended are exclusive of VAT except where irrecoverable.

##### ***Cost of generating funds***

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

##### ***Charitable activities***

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

##### ***Governance costs***

These include 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.

##### **Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. 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 Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction 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.

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 1 Accounting policies (continued)

##### Asset class

Land

Buildings

##### Depreciation method and rate

No depreciation charged

2% straight line basis

##### Taxation

The Academy Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust 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 Trust 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.

##### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 2 Voluntary income

	Unrestricted funds £	Total 2014 £	Total 31 August 2013 £
Transfer on conversion	-	-	1,309,739
<b>Other voluntary income</b>			
Other donations	668	668	2,565
Total voluntary income	<u>668</u>	<u>668</u>	<u>1,312,304</u>

#### 3 Activities for generating funds

	Unrestricted funds £	Total 2014 £	Total 31 August 2013 £
Hire of facilities	8,627	8,627	14,920
Catering income	11,056	11,056	13,784
School shop sales	2,692	2,692	3,286
Other sales	5,349	5,349	3,937
	<u>27,724</u>	<u>27,724</u>	<u>35,927</u>

#### 4 Investment income

	Unrestricted funds £	Total 2014 £	Total 31 August 2013 £
Bank interest	<u>78</u>	<u>78</u>	<u>94</u>

# Nettleham Infant School

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 5 Funding for Academy's educational operations

	Restricted funds £	Total 2014 £	Total 31 August 2013 £
<b>DfE/EFA revenue grants</b>			
Start Up grant	-	-	25,000
General Annual Grant (GAG)	709,112	709,112	708,369
Devolved capital formula	2,506	2,506	6,014
PE and sports grant	8,600	8,600	-
	<u>720,218</u>	<u>720,218</u>	<u>739,383</u>
<b>Other government grants</b>			
Pupil premium	23,136	23,136	9,555
Designated school grant (DSG)	-	-	15,838
SEN funding	27,130	27,130	32,076
Other income	8,547	8,547	9,188
	<u>58,813</u>	<u>58,813</u>	<u>66,657</u>
<b>Non-government grants and other income</b>			
Collaborative partnership income	-	-	27,930
Total grants	<u>779,031</u>	<u>779,031</u>	<u>833,970</u>



# **Nettleham Infant School**

## **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

### **6 Resources expended**

	Staff costs £	Premises £	Other costs £	Total 2014 £	Total 31 August 2013 £
Costs of activities for generating funds	-	-	12,039	12,039	8,995
<b>Academy's educational operations</b>					
Direct costs	511,644	-	34,511	546,155	501,428
Allocated support costs	130,263	120,153	43,079	293,495	321,039
	<u>641,907</u>	<u>120,153</u>	<u>77,590</u>	<u>839,650</u>	<u>822,467</u>
Governance costs including allocated support costs	-	-	33,571	33,571	48,118
	<u>641,907</u>	<u>120,153</u>	<u>123,200</u>	<u>885,260</u>	<u>879,580</u>
<b>Net incoming/outgoing resources for the year include:</b>					
				<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Fees payable to auditor - audit				3,650	3,500
- other audit services				<u>438</u>	<u>900</u>

# **Nettleham Infant School**

## **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

### **7 Charitable activities**

	<b>Total 2014 £</b>	<b>Total 31 August 2013 £</b>
<b>Direct costs - educational operations</b>		
Teaching and educational support staff costs	511,644	474,983
Educational supplies	26,638	26,206
Staff development	6,655	60
Other direct costs	1,218	179
	<u>546,155</u>	<u>501,428</u>
<b>Support costs - educational operations</b>		
Support staff costs	128,263	146,870
FRS 17 service cost adjustment	2,000	(5,000)
Depreciation	29,568	29,568
Maintenance of premises and equipment	48,546	44,427
Cleaning	4,742	8,004
Rent, rates and utilities	16,586	12,583
Insurance	20,711	25,452
Recruitment and support	-	733
Security and transport	1,448	2,750
Catering	20,808	17,933
Expected return on scheme assets	(13,000)	(7,000)
Interest on defined benefit pension scheme	19,000	14,000
Professional fees	6,254	6,369
Other support costs	8,569	24,350
	<u>293,495</u>	<u>321,039</u>
	<u><u>839,650</u></u>	<u><u>822,467</u></u>

# **Nettleham Infant School**

## **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

### **8 Governance costs**

	<b>Total 2014 £</b>	<b>Total 31 August 2013 £</b>
Legal and professional fees	15,434	27,210
<b>Auditors' remuneration</b>		
Audit of financial statements	3,650	3,500
Other audit services	438	900
Support costs	14,049	16,508
	<u>33,571</u>	<u>48,118</u>

### **9 Staff costs**

	<b>2014 £</b>	<b>31 August 2013 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	526,011	502,915
Social security costs	34,821	33,372
Pension costs	81,075	80,566
	<u>641,907</u>	<u>616,853</u>

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

	<b>31 August 2014 No</b>	<b>31 August 2013 No</b>
<b>Charitable Activities</b>		
Teachers	8	7
Administration and support	11	12
Management	4	1
	<u>23</u>	<u>20</u>

### **10 Trustees' remuneration and expenses**

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 10 Trustees' remuneration and expenses (continued)

N Driffill (head teacher and trustee): £55,000 - £60,000 (2013 - £55,000 - £60,000)

D Ball (staff governor): £25,000 - £30,000 (2013 - £Nil)

S Brownlow (staff governor): £20,000 - £25,000 (2013 - £Nil)

During the year ended 31 August 2014, travel and expenses totalling £283 (2013 - £Nil) were reimbursed to 1 trustee (2013 - 0).

Related party transactions involving the trustees are set out in note 23.

#### 11 Trustees' and officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,187 (2013 - £1,187).

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

#### 12 Tangible fixed assets

	Freehold land and buildings £	Total £
<b>Cost</b>		
At 1 September 2013	<u>1,500,000</u>	<u>1,500,000</u>
At 31 August 2014	<u>1,500,000</u>	<u>1,500,000</u>
<b>Depreciation</b>		
At 1 September 2013	29,568	29,568
Charge for the year	<u>29,568</u>	<u>29,568</u>
At 31 August 2014	<u>59,136</u>	<u>59,136</u>
<b>Net book value</b>		
At 31 August 2014	<u><u>1,440,864</u></u>	<u><u>1,440,864</u></u>
At 31 August 2013	<u><u>1,470,432</u></u>	<u><u>1,470,432</u></u>

# **Nettleham Infant School**

## **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

### **13 Debtors**

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Prepayments	5,578	2,148
Accrued grant and other income	6,509	-
VAT recoverable	9,074	10,903
	<u>21,161</u>	<u>13,051</u>

### **14 Creditors: amounts falling due within one year**

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Trade creditors	1,718	-
Accruals	3,650	3,500
Deferred income	40,545	-
	<u>45,913</u>	<u>3,500</u>
		<b>31 August 2014 £</b>
Resources deferred in the period		<u>40,545</u>

Deferred income includes universal free school meals income of £37,037 received in July 2014 but relating wholly to the academic year 2014 to 2015. Devolved Formula Capital of £3,508 has also been deferred, as income for the whole of the financial year ending 31 March 2015 was received in June 2014.

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 15 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
<b>Restricted general funds</b>					
General Annual Grant	-	717,712	(755,314)	37,650	48
Devolved capital formula	6,014	2,506	(8,520)	-	-
Pupil premium	900	23,136	(24,036)	-	-
SEN funding	-	27,130	(27,130)	-	-
Other income	-	8,547	(8,547)	-	-
	<u>6,914</u>	<u>779,031</u>	<u>(823,547)</u>	<u>37,650</u>	<u>48</u>
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	1,470,432	-	(29,568)	-	1,440,864
<b>Restricted pension funds</b>					
Restricted pension reserve	<u>(204,000)</u>	<u>-</u>	<u>(8,000)</u>	<u>(88,000)</u>	<u>(300,000)</u>
Total restricted funds	1,273,346	779,031	(861,115)	(50,350)	1,140,912
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>33,369</u>	<u>28,470</u>	<u>(24,145)</u>	<u>(37,650)</u>	<u>44</u>
Total funds	<u>1,306,715</u>	<u>807,501</u>	<u>(885,260)</u>	<u>(88,000)</u>	<u>1,140,956</u>

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

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

Pupil Premium may be spent for the educational benefit of pupils registered at the school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.

Devolved capital is allocated direct by the DfE and must be spent on capital purposes.

Local authority statement funding is provided for the provision of services for children with special educational needs.

During the year a transfer from unrestricted funds to restricted general funds of £37,650 was made to reduce the deficit in the restricted general fund.

The pension reserve recognises the academy's current deficit position in respect of the Local Government Pension Scheme.

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 15 Funds (continued)

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

#### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,440,864	1,440,864
Current assets	44	45,961	-	46,005
Current liabilities	-	(45,913)	-	(45,913)
Pension scheme liability	-	(300,000)	-	(300,000)
Total net assets	<u>44</u>	<u>(299,952)</u>	<u>1,440,864</u>	<u>1,140,956</u>

#### 17 Financial commitments

##### *Operating leases*

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

# **Nettleham Infant School**

## **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

### **17 Financial commitments (continued)**

#### **Operating leases which expire:**

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
<b>Other</b>		
Within two to five years	<u>3,984</u>	<u>3,988</u>

### **18 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities**

	<b>31 August 2013 £</b>	<b>31 August 2013 £</b>
Net (expenditure)/income	(77,759)	1,302,715
Depreciation	29,568	29,568
Cash transferred on conversion to an academy trust	-	(15,739)
Donated assets on conversion	-	(1,500,000)
Interest receivable	(78)	(94)
FRS 17 expected return on scheme assets	(13,000)	(7,000)
FRS 17 interest on defined benefit pension scheme	19,000	14,000
FRS17 service cost adjustment	2,000	(5,000)
Increase in debtors	(8,110)	(13,051)
Increase in creditors	42,413	3,500
Pension liability transferred on conversion	<u>-</u>	<u>206,000</u>
Net cash (outflow)/inflow from operating activities	<u>(5,966)</u>	<u>14,899</u>



## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 19 Returns on investments and servicing of finance

	31 August 2014 £	31 August 2013 £
Interest received	78	94
Net cash inflow from returns on investments and servicing of finance	<u>78</u>	<u>94</u>

#### 20 Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash at bank and in hand	<u>30,732</u>	<u>(5,888)</u>	<u>24,844</u>

#### 21 Members' liability

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

#### 22 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

##### Teachers' Pension Scheme

##### Introduction

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

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

## **Nettleham Infant School**

### **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

#### **22 Pension and similar obligations (continued)**

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

#### **Valuation of the Teachers' Pension Scheme**

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

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

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

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

#### **Teachers' Pension Scheme Changes**

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

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

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

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

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

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 22 Pension and similar obligations (continued)

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

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £43,915 (2013 - £48,256), of which employer's contributions totalled £35,671 (2013 - £39,961) and employees' contributions totalled £8,244 (2013 - £8,295). The agreed contribution rates for future years are 19.9% per cent for employers and 5.5 - 6.8% per cent for employees.

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

##### Principal actuarial assumptions

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	4.00	5.10
Rate of increase for pensions in payment/inflation	2.70	2.80
Discount rate for scheme liabilities	<u>3.70</u>	<u>4.60</u>

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5% £	0.0% £	- 0.5% £
<b>Adjustment to discount rate</b>			
Present value of total obligation	<u>79,000</u>	<u>-</u>	<u>-</u>
	+ 0.5% £	0.0% £	- 0.5% £
<b>Adjustment to rate of salary growth</b>			
Present value of total obligation	<u>45,000</u>	<u>-</u>	<u>-</u>
	+ 1 Year £	None £	- 1 Year £
<b>Adjustment to mortality age rating assumption</b>			
Present value of total obligation	<u>17,000</u>	<u>-</u>	<u>-</u>

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

# Nettleham Infant School

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 22 Pension and similar obligations (continued)

	At 31 August 2014	At 31 August 2013
<b>Retiring today</b>		
Males retiring today	22.00	21.00
Females retiring today	24.00	23.00
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.00	24.00
Females retiring in 20 years	<u>27.00</u>	<u>26.00</u>

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

	At 31 August 2014 £	At 31 August 2013 £
Equities	190,000	144,000
Corporate bonds	33,000	23,000
Property	<u>28,000</u>	<u>21,000</u>
Total market value of assets	251,000	188,000
Present value of scheme liabilities - funded	<u>(551,000)</u>	<u>(392,000)</u>
Deficit in the scheme	<u>(300,000)</u>	<u>(204,000)</u>

The expected rates of return were:

	At 31 August 2014 %	At 31 August 2013 %
Equities	6.00	7.00
Corporate bonds	4.00	4.00
Property	5.00	5.00
Cash	<u>3.00</u>	<u>4.00</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £25,000 (2013 - £21,000).

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 22 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	31 August 2014 £	31 August 2013 £
Current service cost	2,000	5,000
Total operating charge	<u>2,000</u>	<u>5,000</u>

##### Analysis of pension finance income/(costs)

	31 August 2014 £	31 August 2013 £
Expected return on pension scheme assets	(13,000)	(7,000)
Interest on pension liabilities	<u>19,000</u>	<u>14,000</u>
Pension finance income	<u>6,000</u>	<u>7,000</u>

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 (£384,000) (2013 - (£296,000)).

##### Movements in the present value of defined benefit obligation

	31 August 2014 £	31 August 2013 £
At 1 September	392,000	325,000
Current service cost	37,000	35,000
Interest cost	19,000	14,000
Employee contributions	8,000	8,000
Actuarial losses	<u>95,000</u>	<u>10,000</u>
At 31 August	<u>551,000</u>	<u>392,000</u>

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

	31 August 2014 £	31 August 2013 £
At 1 September	188,000	119,000
Expected return on assets	13,000	7,000
Actuarial gains	7,000	14,000
Employer contributions	35,000	40,000
Employee contributions	<u>8,000</u>	<u>8,000</u>
At 31 August	<u>251,000</u>	<u>188,000</u>

The estimated value of employer contributions for next period is £40,000 (2013 - £40,000).

##### History of experience adjustments

Amounts for the current and previous 2 periods are as follows:

## Nettleham Infant School

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 22 Pension and similar obligations (continued)

	31 August 2014 £	31 August 2013 £
Present value of scheme liabilities	(551,000)	(392,000)
Fair value of scheme assets	<u>251,000</u>	<u>188,000</u>
Deficit in the scheme	<u>(300,000)</u>	<u>(204,000)</u>

Comparative figures have not been restated as permitted by FRS 17.

#### 23 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions in the year.