



# financial statements

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## **Putnoe Primary School** **A Company Limited by Guarantee**

For the year ended 31 August 2014

Company registration number: 08434113



**MHA MacIntyre Hudson**  
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**PUTNOE PRIMARY SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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<b>Members</b>	Mrs Debra Brock, Co-opted Governor & Chair (resigned 31 August 2014) <sup>2</sup> Mrs Deborah Orr, Parent Governor <sup>2</sup> Mrs Katherine Stratford, Parent Governor <sup>2</sup>
<b>Governors</b>	Mrs Gillian Peck, Headteacher <sup>1,2</sup> Mr Philip Merryman, Co-opted Governor <sup>1</sup> Mrs Jennifer Coast, Co-opted Governor & Vice Chair (resigned 31 August 2014) <sup>1</sup> Mr Carl Du Plessis, Parent Governor <sup>1</sup> Mrs Elspeth Tierney, Staff Governor <sup>1</sup> Mrs Amy Lumley-Wood, Parent Governor & Chair from 1 September 2014 <sup>1,2</sup> Mrs Allison Llewellyn, Staff Governor (appointed 11 February 2014) <sup>1,2</sup> Mrs Noline Matemera, Co-opted Governor (appointed 20 May 2014) Mr Jatinder Garcha, Co-opted Governor (appointed 18 March 2014)
	<sup>1</sup> Management Committee <sup>2</sup> Standards Committee
<b>Company registered number</b>	08434113
<b>Principal and registered office</b>	Church Lane Bedford MK41 0DH
<b>Senior management team</b>	Gillian Peck, Headteacher and Accounting Officer Susan Conroy, Deputy Headteacher Matthew Rogers, Senior Teacher Andrew Pope, Senior Teacher Kate Hall, Senior Teacher Pauline Gayle, Senior Teacher
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants and Statutory Auditor Equipoise House Grove Place Bedford MK40 3LE
<b>Bankers</b>	National Westminster Bank Plc 81 High Street Bedford MK40 1YN
<b>Solicitors</b>	Stone King Solicitors 13 Queens Square Bath BA1 2HJ

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**PUTNOE PRIMARY SCHOOL**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors (who are the Trustees and are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Putnoe Primary School (the Academy Trust) for the ended 31 August 2014. The Governors confirm that the Annual Report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The Trust operates an Academy for pupils aged 4 to 11 years serving a catchment area in North Bedfordshire. It has a pupil capacity of 570 and had a roll of 529 in the school census on January 2014.

**Structure, governance and management**

**CONSTITUTION**

The Academy Trust is a Company Limited by Guarantee and an exempt Charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Charitable Company was incorporated on 7 March 2013 and Putnoe Primary School converted to an Academy on 1 April 2013.

**MEMBERS' LIABILITY**

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

**GOVERNORS' INDEMNITY INSURANCE**

In accordance with normal practice the Academy has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £2 million and in the period under review no sums were paid out.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The Governing Body comprises of a minimum of 2 parent Governors, up to 7 community Governors, up to 2 staff Governors and the Headteacher. The parent Governors are elected by the parent body of the School. The staff Governors are elected by the School's staff. The community Governors are appointed by the Members of the Academy Trust. Community Governors may be re-appointed after the end of their term of office. Individuals may request to join the Governing Body and the Members of the Academy Trust may decide to invite one of these individuals to join should a vacancy arise.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

All Governors undertake training as appropriate to their work at the School. New Governors will be provided with an induction programme. A log is kept of all Governor training and reviewed on a regular basis at the full Governing Body meetings.

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors, who are also the charity Trustees, are responsible for the overall management and control of the School and meet at least three times a year. The work of reviewing and monitoring most policies is delegated to the members of the Committees as outlined below. They all work under the chairmanship of a Governor appointed at the first committee meeting in each academic year. Terms of reference of these committees are agreed annually at these meetings.

The Clerk to the Governing Body co-ordinates the work of the Governors and their committees, prepares agendas and papers and reviews matters arising. The Finance Manager prepares the accounts on behalf of the Governors. All Governors give their time to the role freely, no remuneration or expenses were paid in the year.

### **ORGANISATIONAL STRUCTURE**

The Governors determine the general policies of the School. The day to day running of the School is delegated to the Headteacher, supported by the Senior Management Team. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Management Team. The day to day administration is undertaken within the policies and procedures approved by the Governors. Only significant expenditure decisions and major capital projects should be referred to the Governors for prior approval. The Headteacher is an ex-officio Governor and Accounting Officer and attends all Governing Body meetings. The School Finance Manager is invited to attend Management Committee meetings.

#### **Governors Committee Structure**

Each of the committees can make recommendations that must be endorsed by the full Governing Body. The Committees and the full Governing Body meet at least 3 times per year.

#### The Governing Body

- The Governing Body will take a strategic role, act as a critical friend to the School and be accountable for its decisions. It will set the vision and key goals and agree, monitor and review policies, targets and priorities.

The following committees are sub-committees of the Governing Body and their respective aims are as follows:

#### Staff Pay Committee

- To consider and decide upon all matters relating to staff pay as part of the annual review process in accordance with the whole school salary policy agreed by the Governing Body in respect of the following staff: school teachers; NJC Local Government Services Staff; and any other staff as determined by the Governing Body.

#### Hearings committee

- To make any determination to dismiss any member of staff.
- To make any decisions under the Governing Body's personnel procedures (e.g. disciplinary, grievance, capability where the Headteacher is the subject of the action).
- To make any determination or decision under the Governing Body's General Complaints Procedure for Parents and others.
- To make any determination or decision under the Governing Body's Curriculum Complaints Procedure, in respect of National Curriculum disapplications, and the operation of the Governing Body's charging policy.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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Appeals committee

- To consider any appeal against a decision to dismiss a member of staff made by the Hearings Committee.
- To consider any appeal against a decision short of dismissal under the Governing Body's personnel procedures (e.g. disciplinary, grievance, capability).
- To consider any appeal against selection for redundancy.
- To consider any appeal against a pay decision.

Pupil Discipline Committee

- To consider representations from parents in the case of exclusions of 5 days or less (Committee may not re-instate).
- To consider representations from parents in the case of exclusions totalling more than 5 but not more than 15 school days in one term (meeting to be held between 6th and 50th school days after receiving notice of the exclusion).
- To consider the appropriateness of any permanent exclusion or any exclusion where one or more fixed period exclusions total more than 15 school days in one term or where a pupil is denied the chance to take a public examination (meeting to be held between 6th and 15th school days after receiving notice of the exclusion).

Standards Committee

- To consider and advise the Governing Body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy and Teaching and Learning Policy.
- To consider curricular issues which have implications for finance and personnel decisions and to make recommendations to the relevant committees or the Governing Body.
- To ensure that children's enjoyment of lessons is an integral part of all curriculum planning.
- To oversee the analysis annually of test data and pupil assessment and make recommendations to the Governing Body as appropriate.
- To ensure that all curricular improvements required by Ofsted are implemented.
- To review annually the School Prospectus.
- To make arrangements for the Governing Body to be represented at School Improvement discussions with the SIA and for reports to be received by the Governing Body.
- To oversee arrangements for individual Governors to take a leading role in specific areas of provision (e.g. SEN, Literacy, Numeracy and Curriculum Leadership Groups), to receive regular reports from them and advise the Governing Body.
- To oversee arrangements for educational visits, including the appointment of a named co-ordinator ("EVC").

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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Management Committee

- To draft and review annually the staffing structure, in consultation with the Headteacher.
- To oversee the selection and appointment procedure for all staff.
- To oversee and review termly, the school's safeguarding procedures, including the implementation of the Child Protection and Safer Recruiting policies.
- To establish and review a Performance Management policy for all staff.
- To oversee the process leading to staff reductions.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence.
- To make recommendations on personnel related expenditure.
- To ensure that DfE regulatory and guidance documents are implemented appropriately in the school, with specific reference to the role assigned to the Governing Body.
- To assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy.
- To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

Headteacher's Performance Review Group:

- To arrange to meet with the External Adviser / School Improvement Partner to discuss the Headteacher's performance targets.
- To decide, with the support of the External Adviser / School Improvement Partner, whether the targets have been met and to set new targets annually.
- To monitor through the year the performance of the Headteacher against the targets.
- To make recommendations to the Management Committee in respect of awards for the successful meeting of targets set.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

None to disclose.

**Objectives and Activities**

**OBJECTS AND AIMS**

Putnoe Primary School's objects are specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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- To promote for the benefit of the inhabitants of Bedford and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social welfare and with the object of improving the condition of life of the said inhabitants.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

1. To improve the achievement of all pupils and specifically to monitor the standards of reading instilling in all pupils a love of reading – Ofsted priority.
2. To monitor the Gender Gap in standards for all pupils within Reading Writing and Numeracy securing 4 points progress.
3. Reading for pleasure and introduction of materials aimed at engaging boys.
4. To procure suitable contractors to undertake the building of a new Year 6 block. Monitor the project's progress and financial implications.
5. To ensure that all pupils receive the appropriate support in order to reach their academic potential. In particular to continue to record and track pupil premium expenditure and the impact of this.
6. To ensure that all pupils receive the appropriate support in order to reach their academic potential. In particular to continue to record and track pupil premium expenditure and the impact of this.

**PUBLIC BENEFIT**

In setting the Academy's objectives and planning its activities, the Governing Body have given careful consideration to the Charity Commission's general guidance on public benefit. The Academy Trust's object is specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, continuing, managing and developing a school offering a broad and balanced curriculum.
- To promote for the benefit of the inhabitants of Bedford and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social welfare and with the object of improving the condition of life of the said inhabitants.

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**Strategic Report**

**Achievements and performance**

**REVIEW OF ACTIVITIES**

- To support ICT excellence, and help schools in the Borough, the subject has been incorporated into the plans for cultural development. ICT forms a major element of culture and creativity in the life of the school.
- Partnership established with the Royal Opera House. Members of the school choir took part in a National Concert this year



**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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- Headteacher's presentation to schools and providers regarding the "culture of Arts as a centre of Excellence"
- Putnoe identified as a centre of excellence for the arts September 2013 in partnership with the Royal Opera House.
- Our role will include: Supporting schools in the Borough to embed culture and creativity across the curriculum
- Headteacher presentation to the Bedfordshire Art Conference on "raising the bar and the impact on teaching and standards within the school"
- The drive to improve boys' performance has been largely successful in most year groups when comparing the 2013 results with those of 2012. There has been a continued focus on this within the year ended 31 August 2014.
- The gender gaps are narrowing, particularly at Key Stage 1. This should be the case as the pupils move through the school.
- Although there remains work to be done, progress on closing the gap has been effective.
- Continued work towards achieving external quality accreditation in various areas across the curriculum.
- Support and advice with a view to improving standards given to five schools within Milton Keynes with similar demographics to the Academy and ongoing links with a school in Leicestershire.

**KEY PERFORMANCE INDICATORS**

**F Stage – 72% Good level of Development Average total points for the cohort 37.5**

<b>KS1 Reading –</b>	<b>2B 82%</b>	<b>3+ 30%</b>
<b>Writing –</b>	<b>2B 70%</b>	<b>3+ 28%</b>
<b>Maths –</b>	<b>2B 77%</b>	<b>3+ 35%</b>

<b>KS2 Reading –</b>	<b>4+ 85%</b>	<b>5+ 42%</b>
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<b>SPaG</b>	<b>4+ 87%</b>	<b>5+ 60%</b>	<b>6+ 5%</b>
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<b>Maths</b>	<b>4+ 88%</b>	<b>5+ 88%</b>	<b>6+ 13%</b>
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**GOING CONCERN**

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Financial review**

**FINANCIAL REPORT FOR THE PERIOD**

The Academy had a satisfactory financial period to 31 August 2014, with total income of £2,493,673 comprising capital funding of £231,074 and other grants and funding of £2,262,599. Of this other income £2,156,455 was received to fund educational operations. Total expenditure amounted to £1,979,289 but includes £79,023 of depreciation allocated to the restricted fixed asset fund. Revenue expenditure before depreciation and FRS 17 pension adjustments amounts to £1,900,266 leaving a surplus of £362,333 for the year. After adjusting for the restricted fixed asset fund and pension fund the net movement in the year amounts to £519,384.

Most of the Academy's income is obtained from the Department for Education via the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities and the grants received are detailed in note 5 to the financial statements.

GAG funding was the core funding element to the provision of educational services for the year. Of the total income for educational purposes, excluding capital grants, some 61.5% was spent on teaching and educational support staff and 9.6% on other support staff. Total staff costs represent 90.4% of GAG funding.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

Any surplus funds are swept nightly into a Liquidity Select account earning interest. No further Investment activities are undertaken.

**RESERVES POLICY**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

Reserves at the end of the period 31 August 2014 were £6,500,163 comprising £463,444 on the restricted general funds, £62,160 of unrestricted general funds, £6,183,559 of restricted fixed asset fund and a pension reserve deficit of £209,000. The Governors are aware of the high percentage of carry forward reserves into 2014/15. The Academy is expecting an increase in building costs due to extra work being carried out on the foundations. The Academy is due to receive a total of £749,976 of grant from the Academies Capital Maintenance Fund towards the original cost of the build. However, it has earmarked capital funds for the additional capital cost set aside to cover the extra cost. In addition, there will be further costs on staffing, equipment, particularly ICT equipment and resources in connection with the expansion of the school and the carry forward reserves are expected to be used towards these costs.

Included in the restricted fixed asset fund of £6,183,559 is an amount of £511,743 earmarked for future capital projects.

The deficit on the pension reserve relates to the non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the Teachers' Pension Scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

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**PUTNOE PRIMARY SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**INVESTMENT POLICY**

The School's Investment Strategy is:

- Regularly monitor cash flow and current/fund account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the accounts have adequate balances to meet forthcoming commitments.
- Funds surplus to immediate cash requirements (set at £10k) are transferred nightly to the School's liquidity deposit account bearing a higher interest rate.
- Periodically review interest rates and compare with other investment opportunities.
- The School's current policy is to only invest funds in risk free and immediately accessible deposit accounts.

Any change in policy requires the approval of Governors via the Management Committee.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The financial risks the Academy faces in the coming year includes:

- Supply teaching costs
- Recruitment costs
- Unexpected costs relating to the new building project
- Crisis plan needed and advisor booked for January 2015.

These are mitigated by the fact that the Academy has carry forward reserves and a healthy balance sheet. The exception is the Pension Scheme for Local Government Employees which has a current shortfall of £209,000 which the Academy is making up over 7 years. This amount is booked as a liability in these financial statements.

**Plans for future periods**

**FUTURE DEVELOPMENTS**

The Governors intend to continue their current strategies of improving the School's reputation by continuing to provide outstanding education for all students. Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole child. The Headteacher and senior staff continue to review the curriculum to ensure that the education provided remains appropriate for our students' development.

Our future plans are financed from income direct from the EFA, related to student numbers and other lump-sum factors. Governors will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students. Maintaining and, where necessary, developing the fabric of the facilities of the School are central to our strategy. In planning for the future, three form entry has dictated that additional classrooms need to be built. A successful bid for Academies Capital Maintenance Fund funding was granted in the year and this will enable the building project to be undertaken during the 2014-15 academic year.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

No such funds are held by Putnoe Primary School.

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**DISCLOSURE 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 relevant audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

This report, incorporating the Strategic Report, was approved by order of the Governing Body, as the company directors, on 9.12.14 and signed on the board's behalf by:

  
.....  
Mrs Amy Lumley-Wood  
Chair of Governors

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**PUTNOE PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs Debra Brock, Co-opted Governor & Chair	5	6
Mrs Deborah Orr, Parent Governor	5	6
Mrs Katherine Stratford, Parent Governor	6	6
Mrs Gillian Peck, Headteacher	6	6
Mr Philip Merryman, Co-opted Governor	5	6
Mrs Jennifer Coast, Co-opted Governor & Vice Chair	4	6
Mr Carl Du Plessis, Parent Governor	4	4
Mrs Elspeth Tierney, Staff Governor	5	6
Mrs Amy Lumley-Wood, Parent Governor & Chair from 1 September 2014	5	6
Mrs Allison Llewellyn, Staff Governor	4	4
Mrs Noline Matemera, Co-opted Governor	1	2
Mr Jatinder Garcha, Co-opted Governor	3	3

During the course of the year the following resignations were received: Mrs Jennifer Coast and Mrs Debra Brock on 31 August 2014. Mrs Allison Llewellyn joined the Governing Body in February 2014. Mrs Amy Lumley-Wood took over as Chair of the Governing Body from 1 September 2014.

There have been no particular challenges for the Governing Body in the period under consideration.

**Governance reviews:**

During the course of the year Mrs Brock and Mrs Lumley-Wood completed the governors toolkit to review the Governors' performance.

The Governors had identified the need to pursue various funding streams to benefit the school and also to build up the links with the community and Friends of Putnoe.

The next performance review by the Governors will take place early in 2016.

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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014 (continued)**

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The **Management Committee** is a sub-committee of the main Governing Body. Its purpose is:

- to assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity; and
- to make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

During the course of the year the Management Committee reviewed all the monthly finance reports against budget. The main risk that developed during the year was that two long term sick absences could have caused budget pressures. This was brought to the committee's attention along with a revised budget plan action to curb planned expenditure and ensure the school remained in budget for the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Jennifer Coast, Co-opted Governor & Vice Chair	6	6
Mr Philip Merryman, Co-opted Governor	6	6
Mrs Elspeth Tierney, Staff Governor	5	6
Mrs Gillian Peck, Headteacher	6	6
Mrs Amy Lumley-Wood, Parent Governor	3	6
Mr Carl Du Plessis, Parent Governor	4	6
Mrs Allison Llewellyn, Staff Governor (meetings attended in her capacity as Finance Manager)	6	6

The **Standards Committee** is also a sub-committee of the main Governing Body. Its purpose is to monitor the standards of teaching and learning in the school.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Gillian Peck, Headteacher	4	4
Mrs Debra Brock, Co-opted Governor & Chair	4	4
Mrs Katherine Stratford, Parent Governor	4	4
Mrs Deborah Orr, Parent Governor	1	4
Mrs Amy Lumley-Wood, Parent Governor	1	1
Mrs Allison Llewellyn, Staff Governor	0	1

**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 Putnoe Primary School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014 (continued)**

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**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MHA MacIntyre Hudson, the external auditors, to perform additional checks.

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

During the year MHA MacIntyre Hudson carried out three visits to perform these additional checks.

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**PUTNOE PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014 (continued)**

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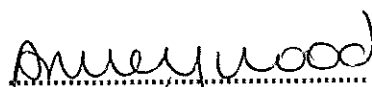
**REVIEW OF EFFECTIVENESS**


As Accounting Officer, the Headteacher 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 external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Management Committee and Standards 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 9.12.14 and signed on its behalf, by:

  
.....  
Mrs Amy Lumley-Wood  
Chair of Governors

  
.....  
Gillian Peck  
Accounting Officer



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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

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

.....  
  
Gillian Peck  
Accounting Officer

Date: 9/12/14 .....

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**PUTNOE PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

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**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors (who act as governors of Putnoe Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:


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

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body and signed on its behalf by:

  
.....  
Mrs Amy Lumley-Wood  
Chair of Governors

Date: 9.12.14

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

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We have audited the financial statements of Putnoe Primary School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the balance sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

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

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

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

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

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

*MHA MacIntyre Hudson*

Atul Kariya FCCA (Senior Statutory Auditor)  
for and on behalf of  
**MHA MacIntyre Hudson**  
Chartered Accountants and Statutory Auditor  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: *19 December 2014*

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 23 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Putnoe Primary School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

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

*MHA MacIntyre Hudson*

Reporting Accountant

**MHA MacIntyre Hudson**  
Chartered Accountants  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: 17 December 2014

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	-	-	-	-	6,102,829
Activities for generating funds	3	103,734	-	-	103,734	28,781
Investment income	4	2,410	-	-	2,410	396
Incoming resources from charitable activities	5	-	2,156,455	231,074	2,387,529	855,060
<b>TOTAL INCOMING RESOURCES</b>		<b>106,144</b>	<b>2,156,455</b>	<b>231,074</b>	<b>2,493,673</b>	<b>6,987,066</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	7	83,313	1,787,153	79,023	1,949,489	786,107
Governance costs	8	-	20,446	-	20,446	15,468
Other resources expended	9	9,354	-	-	9,354	1,712
Pension scheme liability transferred on conversion	9	-	-	-	-	216,000
<b>TOTAL RESOURCES EXPENDED</b>	<b>6</b>	<b>92,667</b>	<b>1,807,599</b>	<b>79,023</b>	<b>1,979,289</b>	<b>1,019,287</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>13,477</b>	<b>348,856</b>	<b>152,051</b>	<b>514,384</b>	<b>5,967,779</b>

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

		Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Transfers between Funds	17	-	(2,951)	2,951	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>13,477</b>	<b>345,905</b>	<b>155,002</b>	<b>514,384</b>	<b>5,967,779</b>
Actuarial gains and losses on defined benefit pension schemes		-	5,000	-	5,000	13,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>13,477</b>	<b>350,905</b>	<b>155,002</b>	<b>519,384</b>	<b>5,980,779</b>
Total funds at 1 September 2013		48,683	(96,461)	6,028,557	5,980,779	-
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>62,160</b>	<b>254,444</b>	<b>6,183,559</b>	<b>6,500,163</b>	<b>5,980,779</b>

All activities relate to continuing operations.

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

The notes on pages 25 to 46 form part of these financial statements.

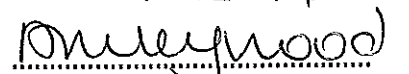


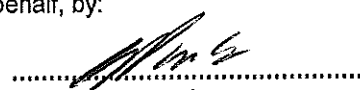
**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08434113**

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

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		5,671,816		5,721,774
<b>CURRENT ASSETS</b>					
Debtors	15	89,597		418,435	
Cash at bank and in hand		1,000,016		73,899	
		<u>1,089,613</u>		<u>492,334</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(52,266)</u>		<u>(24,329)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,037,347</u>		<u>468,005</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,709,163</u>		<u>6,189,779</u>
Defined benefit pension scheme liability	24		<u>(209,000)</u>		<u>(209,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>6,500,163</u></u>		<u><u>5,980,779</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	17	463,444		112,539	
Restricted fixed asset funds	17	6,183,559		6,028,557	
Restricted funds excluding pension liability		<u>6,647,003</u>		<u>6,141,096</u>	
Pension reserve		<u>(209,000)</u>		<u>(209,000)</u>	
Total restricted funds			<u>6,438,003</u>		<u>5,932,096</u>
Unrestricted funds	17		<u>62,160</u>		<u>48,683</u>
<b>TOTAL FUNDS</b>			<u><u>6,500,163</u></u>		<u><u>5,980,779</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 9.12.14 and are signed on their behalf, by:

  
 Mrs Amy Lumley-Wood  
 Chair of Governors

  
 Mrs Gillian Peck  
 Accounting officer

The notes on pages 25 to 46 form part of these financial statements.

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

		<b>31 August</b>	<b>5 month period</b>
	<b>Note</b>	<b>2014</b>	<b>ended</b>
		<b>£</b>	<b>31 August</b>
			<b>2013</b>
			<b>£</b>
Net cash flow from operating activities	19	721,698	29,255
Returns on investments and servicing of finance	20	2,410	396
Capital expenditure and financial investment	20	202,009	(1,274)
Cash transferred on conversion to an academy trust		-	45,522
<b>INCREASE IN CASH IN THE YEAR</b>		<b>926,117</b>	<b>73,899</b>

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

	<b>31 August</b>	<b>5 month period</b>
	<b>2014</b>	<b>ended</b>
	<b>£</b>	<b>31 August</b>
		<b>2013</b>
		<b>£</b>
Increase in cash in the year	926,117	73,899
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>926,117</b>	<b>73,899</b>
Net funds at 1 September 2013	73,899	-
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>1,000,016</b>	<b>73,899</b>

The notes on pages 25 to 46 form part of these financial statements.

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

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1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Incoming resources

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

***Grants Receivable***

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

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

***Donations***

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

***Other income***

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

***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 the Academy Trust's policies.

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

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1. ACCOUNTING POLICIES (continued)

1.4 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**

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

**Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% per annum on a straight line basis
Motor vehicles	-	20% per annum on a straight line basis
Fixtures and fittings	-	25% per annum on a straight line basis
Computer equipment	-	25% per annum on a straight line basis
Freehold land	-	Not depreciated

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

**1.7 Operating leases**

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

**1.8 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, 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 the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**PUTNOE PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.9 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 Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education or 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 or other funders.

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

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Transfer from Local Authority on conversion	-	-	-	6,102,829

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Hire of facilities	7,274	-	7,274	4,317
Other income	30,764	-	30,764	1,887
School shop	10,212	-	10,212	1,573
School clubs	55,484	-	55,484	21,004
	<u>103,734</u>	<u>-</u>	<u>103,734</u>	<u>28,781</u>

**PUTNOE PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

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

**4. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Bank interest receivable	2,410	-	2,410	396

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	1,695,759	1,695,759	720,139
Pupil Premium	-	248,993	248,993	74,250
Devolved Formula Capital grants (Restricted Fixed Asset Fund)	-	8,781	8,781	3,476
Other EFA/DfE grants	-	9,880	9,880	-
	-	1,963,413	1,963,413	797,865
<b>Other government grants</b>				
Academies Capital Maintenance Fund (Restricted Fixed Asset Fund)	-	222,293	222,293	-
Local authority grants	-	185,331	185,331	49,665
	-	407,624	407,624	49,665
<b>Other funding</b>				
Other income	-	16,492	16,492	7,530
	-	16,492	16,492	7,530
	-	2,387,529	2,387,529	855,060

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**6. RESOURCES EXPENDED**

	Staff costs	Non Pay Expenditure		Total	Total
	2014	Premises	Other costs	2014	2013
	£	2014	2014	£	£
		£	£		
Direct costs - Educational operations	1,326,807	-	151,511	1,478,318	587,641
Support costs - Educational operations	206,714	79,023	185,434	471,171	198,466
<b>Charitable activities</b>	<b>1,533,521</b>	<b>79,023</b>	<b>336,945</b>	<b>1,949,489</b>	<b>786,107</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>20,446</b>	<b>20,446</b>	<b>15,468</b>
<b>Other resources expended</b>	<b>-</b>	<b>-</b>	<b>9,354</b>	<b>9,354</b>	<b>217,712</b>
	<b>1,533,521</b>	<b>79,023</b>	<b>366,745</b>	<b>1,979,289</b>	<b>1,019,287</b>



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**7. CHARITABLE ACTIVITIES**

	Total funds 2014 £	Total funds for 5 month period ended 2013 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,058,537	410,613
National insurance	67,738	25,449
Pension cost	157,849	58,055
Agency staff costs	42,684	23,469
Educational supplies	72,926	31,671
Staff development	15,201	13,211
Staff related insurance	14,092	4,986
Technology costs	12,463	3,667
Travel and subsistence	64	236
Other direct costs	36,764	16,284
	<u>1,478,318</u>	<u>587,641</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	165,807	63,166
National insurance	7,189	2,780
Pension cost	33,718	13,754
Depreciation	79,023	32,500
FRS 17 net finance cost	5,000	4,000
Technology costs	13,654	4,305
Maintenance of premises and equipment	28,675	14,432
Operating lease rentals	6,645	3,015
Rent and rates	5,729	2,927
Energy	24,314	10,339
Insurance	24,076	8,140
Catering	42,284	29,467
Other occupancy costs	13,753	1,008
Other support costs	21,304	8,633
	<u>471,171</u>	<u>198,466</u>
	<u>1,949,489</u>	<u>786,107</u>

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**8. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Auditors' remuneration	-	6,000	6,000	6,000
Auditors' non audit costs	-	3,950	3,950	1,000
Legal and professional	-	10,496	10,496	8,468
	<u>-</u>	<u>20,446</u>	<u>20,446</u>	<u>15,468</u>

**9. OTHER RESOURCES EXPENDED**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Pension scheme liability transferred on conversion	-	-	-	216,000
School uniform	9,354	-	9,354	1,712
	<u>9,354</u>	<u>-</u>	<u>9,354</u>	<u>217,712</u>

**10. NET INCOMING RESOURCES**

This is stated after charging:

	31 August 2014 £	5 month period ended 31 August 2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	79,023	32,500
Auditors' remuneration	6,000	6,000
Operating lease rentals:		
- other operating leases	6,645	3,015
	<u>91,668</u>	<u>41,515</u>

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**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	31 August 2014 £	5 month period ended 31 August 2013 £
Wages and salaries	1,224,343	473,779
Social security costs	74,927	28,229
Other pension costs (Note 24)	191,567	71,809
	<u>1,490,837</u>	<u>573,817</u>
Supply teacher costs	42,684	23,469
	<u>1,533,521</u>	<u>597,286</u>

**b. Staff numbers**

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

	31 August 2014 No.	5 month period ended 31 August 2013 No.
Teaching	18	20
Administration and support	39	35
Management	2	2
	<u>59</u>	<u>57</u>

**c. Higher paid staff**

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

	31 August 2014 No.	5 month period ended 31 August 2013 No.
In the band £70,001 - £80,000	1	1

**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STAFF (continued)**

The above bandings state annualised employee emoluments before employer's pension contributions.

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for this member of staff amounted to £10,615 (5 month period ended 31 August 2013: £2,988).

**12. GOVERNORS' REMUNERATION AND EXPENSES**

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, on the Academy Trust in respect of their role as Governors. The value of Governors' remuneration during the year ended 31 August 2014 (including employers' pension contributions) fell into the band £80,000 - £85,000 (5 months ended 31 August 2013: £30,000 to £35,000) for the Headteacher, Mrs Gillian Peck, and into the band £10,000 - £15,000 (5 months ended 31 August 2013: £5,000 - £10,000) for one staff Governor and the band £20,000 - £25,000 (5 months ended 31 August 2013: not applicable) for one staff Governor. In the 5 months ended 31 December 2013 a further staff Governor fell into the band £5,000 - £10,000.

During the year, no Governors received any reimbursement of expenses (2013 - £NIL).

**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,250 (2013 - £520). The cost of this insurance is included in the total insurance cost.

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**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2013	5,750,000	3,000	1,274	-	5,754,274
Additions	13,857	-	9,091	6,117	29,065
At 31 August 2014	5,763,857	3,000	10,365	6,117	5,783,339
<b>Depreciation</b>					
At 1 September 2013	31,250	1,250	-	-	32,500
Charge for the year	75,000	1,750	1,366	907	79,023
At 31 August 2014	106,250	3,000	1,366	907	111,523
<b>Net book value</b>					
At 31 August 2014	5,657,607	-	8,999	5,210	5,671,816
At 31 August 2013	5,718,750	1,750	1,274	-	5,721,774

Included in freehold property is freehold land at valuation at conversion to Academy status of £2,000,000 which is not depreciated.

The additions to freehold property relate to costs incurred to date on the building of a new classroom block which will be financed through the Academies Capital Maintenance Fund, of which £222,293 has been received by 31 August 2014.

**15. DEBTORS**

	2014 £	2013 £
Trade debtors	410	120
VAT repayable	20,768	12,557
Other debtors	-	303,307
Prepayments and accrued income	68,419	102,451
	<u>89,597</u>	<u>418,435</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. CREDITORS:**

Amounts falling due within one year

	2014 £	2013 £
Trade creditors	59	640
Accruals and deferred income	52,207	23,689
	<u>52,266</u>	<u>24,329</u>
		£
<b>Deferred income</b>		
Deferred income at 1 September 2013		16,148
Resources deferred during the year		45,207
Amounts released from previous years		(16,148)
		<u>45,207</u>
Deferred income at 31 August 2014		<u>45,207</u>

At the balance sheet date the Academy Trust was holding funds received in advance for the following purposes: Insurance funding £nil (2013: £11,282), capital funding £5,508 (2013: £4,866) and Universal Infant Free School Meals £39,699 (2013: £nil).

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**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General unrestricted funds	48,683	106,144	(92,667)	-	-	62,160
<b>Restricted funds</b>						
General Annual Grant (GAG)	79,361	1,695,759	(1,419,726)	(2,951)	-	352,443
Other restricted funds	33,178	460,696	(382,873)	-	-	111,001
Pension reserve	(209,000)	-	(5,000)	-	5,000	(209,000)
	<u>(96,461)</u>	<u>2,156,455</u>	<u>(1,807,599)</u>	<u>(2,951)</u>	<u>5,000</u>	<u>254,444</u>
<b>Restricted fixed asset funds</b>						
Capital grants and income	6,028,557	231,074	(79,023)	2,951	-	6,183,559
Total restricted funds	<u>5,932,096</u>	<u>2,387,529</u>	<u>(1,886,622)</u>	<u>-</u>	<u>5,000</u>	<u>6,438,003</u>
Total of funds	<u><u>5,980,779</u></u>	<u><u>2,493,673</u></u>	<u><u>(1,979,289)</u></u>	<u><u>-</u></u>	<u><u>5,000</u></u>	<u><u>6,500,163</u></u>

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

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

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes pupil premium and other local authority funding for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. An amount of £216,000 was transferred to the Academy Trust in respect of the deficit on this pension scheme at the date of conversion to an Academy.

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the year.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Bedford Borough local authority following the transfer of the land and buildings. Restricted capital funds of £511,743 are included in the Restricted Fixed Asset Fund at the balance sheet date.

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**17. STATEMENT OF 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.

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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds for 5 month period ended 2013 £
Tangible fixed assets	-	-	5,671,816	5,671,816	5,721,774
Current assets	62,160	515,710	511,743	1,089,613	492,333
Creditors due within one year	-	(52,266)	-	(52,266)	(24,328)
Pension Scheme liability	-	(209,000)	-	(209,000)	(209,000)
	<u>62,160</u>	<u>254,444</u>	<u>6,183,559</u>	<u>6,500,163</u>	<u>5,980,779</u>

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

	31 August 2014 £	5 month period ended 31 August 2013 £
Net incoming resources before transfers	514,384	5,967,779
Returns on investments and servicing of finance	(2,410)	(396)
Depreciation of tangible fixed assets	79,023	32,500
Capital grants	(231,074)	-
Decrease/(increase) in debtors	328,838	(418,433)
Increase in creditors	27,937	24,327
Cash transferred from local authority on conversion	-	(45,522)
Fixed assets transferred from local authority on conversion	-	(5,753,000)
Pension scheme liability transferred on conversion	-	216,000
FRS 17 pension cost less contributions payable	-	2,000
FRS 17 pension finance income	5,000	4,000
<b>Net cash inflow from operations</b>	<u><u>721,698</u></u>	<u><u>29,255</u></u>



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

	31 August 2014 £	5 month period ended 31 August 2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,410	396
	<u>2,410</u>	<u>396</u>
	31 August 2014 £	5 month period ended 31 August 2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(29,065)	(1,274)
Capital grants	231,074	-
	<u>202,009</u>	<u>(1,274)</u>
<b>Net cash inflow/(outflow) capital expenditure</b>	<u>202,009</u>	<u>(1,274)</u>

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

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	73,899	926,117	-	1,000,016
<b>Net funds</b>	<u>73,899</u>	<u>926,117</u>	<u>-</u>	<u>1,000,016</u>

**22. MEMBERS LIABILITY**

The Academy Trust is a company limited by guarantee and does not have share capital.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. CAPITAL COMMITMENTS**

The academy has undertaken to build a new classroom block during the 2014-15 Academic year, which is expected to cost in the region of £1.1m,. The Academies Capital Maintenance Fund has granted the sum of £749,976 to fund a significant part of this building project, the remaining cost to be funded by the Academy..

**24. PENSION COMMITMENTS**

The Academy Trust'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 Bedford Borough Council. Both are defined benefit schemes.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION COMMITMENTS (continued)**

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust 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 Trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £124,000, of which employer's contributions totalled £98,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 23.2% for employers and between 5.5% and 7.5% for employees.

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

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**24. PENSION COMMITMENTS (continued)**

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.30	343,000	6.60	231,000
Bonds	3.30	95,000	4.00	63,000
Property	4.50	45,000	4.70	26,000
Cash	3.30	15,000	3.60	10,000
Total market value of assets		498,000		330,000
Present value of scheme liabilities		(707,000)		(539,000)
(Deficit)/surplus in the scheme		(209,000)		(209,000)

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

The amounts recognised in the balance sheet are as follows:

	31 August 2014 £	5 month period ended 31 August 2013 £
Present value of funded obligations	(707,000)	(539,000)
Fair value of scheme assets	498,000	330,000
Net liability	(209,000)	(209,000)

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**24. PENSION COMMITMENTS (continued)**

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

	<b>31 August 2014 £</b>	<b>5 month period ended 31 August 2013 £</b>
Current service cost	(98,000)	(37,000)
Interest on obligation	(28,000)	(10,000)
Expected return on scheme assets	23,000	6,000
<b>Total</b>	<b>(103,000)</b>	<b>(41,000)</b>
 Actual return on scheme assets	 44,000	 3,000

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

	<b>31 August 2014 £</b>	<b>5 month period ended 31 August 2013 £</b>
Opening defined benefit obligation	539,000	498,000
Current service cost	98,000	37,000
Interest cost	28,000	10,000
Contributions by scheme participants	26,000	10,000
Actuarial Losses/(gains)	16,000	(16,000)
<b>Closing defined benefit obligation</b>	<b>707,000</b>	<b>539,000</b>

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**24. PENSION COMMITMENTS (continued)**

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

	<b>31 August 2014</b>	<b>5 month period ended 31 August 2013</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	330,000	282,000
Expected return on assets	23,000	6,000
Actuarial gains and (losses)	21,000	(3,000)
Contributions by employer	98,000	35,000
Contributions by employees	26,000	10,000
	<b>498,000</b>	<b>330,000</b>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £18,000 gain (2013 - £13,000 gain).

The Academy Trust expects to contribute £105,000 to its Defined Benefit Pension Scheme in 2015.

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

	<b>2014</b>	<b>2013</b>
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.40 %	5.90 %
Rate of increase in salaries	3.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %

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

	<b>2014 Years</b>	<b>2013 Years</b>
Retiring today		
Males	22.4	21.6
Females	24.3	23.2
Retiring in 20 years		
Males	24.4	23.6
Females	26.8	25.6

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**24. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(707,000)	(539,000)
Scheme assets	498,000	330,000
Deficit	<u>(209,000)</u>	<u>(209,000)</u>
Experience adjustments on scheme assets	<u>21,000</u>	<u>(3,000)</u>

**25. OPERATING LEASE COMMITMENTS**

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

	2014 £	2013 £
Expiry date:		
Between 2 and 5 years	<u>6,887</u>	<u>6,887</u>

All commitments above relate to assets other than land and buildings.

**26. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

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**27. OTHER FINANCE INCOME**

	<b>31 August 2014 £</b>	<b>5 month period ended 31 August 2013 £</b>
Expected return on pension scheme assets	<b>23,000</b>	<b>6,000</b>
Interest on pension scheme liabilities	<b>(28,000)</b>	<b>(10,000)</b>
	<b><u>(5,000)</u></b>	<b><u>(4,000)</u></b>