

**The Violet Way Academy**

Governors Report and Financial Statements

For the period ended 31 August 2012

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**The Violet Way Academy**  
**(A company limited by guarantee)**

**Contents**

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	Page
<b>Reference and administrative details of the academy, its governors and advisers</b>	<b>1</b>
<b>Governors' report</b>	<b>2 - 6</b>
<b>Governance statement</b>	<b>7 - 9</b>
<b>Statement on regularity, propriety and compliance</b>	<b>10</b>
<b>Governors' responsibilities statement</b>	<b>11</b>
<b>Independent auditors' report</b>	<b>12 - 13</b>
<b>Independent reporting accountant's assurance report on regularity</b>	<b>14 - 15</b>
<b>Statement of financial activities</b>	<b>16</b>
<b>Balance sheet</b>	<b>17</b>
<b>Cash flow statement</b>	<b>18</b>
<b>Notes to the financial statements</b>	<b>19 - 37</b>

The following pages do not form part of the statutory financial statements

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Reference and Administrative Details of the Academy, its Governors and Advisers**  
**For the period ended 31 August 2012**

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<b>Governors</b>	A Goldstraw*, Chairman (appointed 15 April 2011) J Smith*, Vice Chairman (appointed 15 April 2011) J Copeman, Responsible Officer (appointed 14 November 2011) D Marshall*, Head Teacher (appointed 15 April 2011) J Harrison*, Support Staff Governor (appointed 15 April 2011) L Bridge, Governor (appointed 15 April 2011) G Willett*, Governor (appointed 15 April 2011) A Puntis, Governor (appointed 22 November 2011) L Evans, Governor (appointed 15 April 2011) P Diffey, Governor (appointed 15 April 2011) G Lomas, Governor (appointed 15 April 2011) S Ballard (appointed 15 April 2011, resigned 1 October 2011) K Colclough (appointed 15 April 2011, resigned 1 October 2011) D MacBeath (appointed 15 April 2011, resigned 31 August 2011) J Smith (appointed 15 April 2011, resigned 31 August 2011) P Wallace (appointed 15 April 2011, resigned 31 December 2011)
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\* Members of Finance and General Purpose Committee

<b>Company secretary</b>	J Harrison
<b>Senior Management Team</b>	Head Teacher - D Marshall Deputy Head Teacher - L Bridge Business Manager - J Harrison
<b>Registered office</b>	Violet Way Stapenhill Burton On Trent Staffordshire DE15 9ES
<b>Company registered number</b>	07606026
<b>Auditors</b>	Dains LLP Charlotte House Stanier Way The Wyvern Business Park Derby DE21 6BF
<b>Bankers</b>	Co-operative Bank P O Box 101 Balloon Street Manchester M60 4EP
<b>Solicitors</b>	Anthony Collins LLP 134 Edmund Street Birmingham B3 2ES

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Governors' Report**  
**For the period ended 31 August 2012**

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The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Violet Way Academy (the academy) for the period ended 31 August 2012. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**Constitution**

The Violet Way Academy is a company limited by guarantee (07606026) and was incorporated by a Memorandum of Association on 15/04/2011. The Academy has exempt charity status and its principal regulator is the Department for Education (DfE).

On 1 June 2012 the school converted to an Academy.

The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Violet Way Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Violet Way Academy.

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 1.

**Principal activities**

The academy's object is specifically restricted to advance for public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The Academy has extended its first accounting reference period to 31 August 2012 to coincide with the end of the academic year.

**Members' liability**

Each member of the academy undertakes to contribute to the assets of the company in the event of it being wound up while they are 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 they ceased to be a member.

**Governors' indemnities**

Since the incorporation of the Charitable Company on 5 July 2011, the Governors (directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 15 to the financial statements the limit of this indemnity is £2,000,000.

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

The method for appointing governors is described in the Articles of Association point 50-65

#### **Recruitment of Parent Governors**

When a vacancy occurs for a parent governor a letter is sent out to all parents asking for nominations. Should there be more interest in the vacancy than the number available then a ballot will be held. The interested party will be asked to write a short piece and ballots papers will be circulated to all parents. These ballot papers will be returned to school in a sealed envelope. Two members from the governing body will then count the votes and the candidate with the highest number of votes will join the governing body.

#### **Recruitment of Other Governors**

Individuals with a particular expertise may be invited to join the governing body, for example Health and Safety or Finance. Individuals also contact the school and offer their services as a governor. In some cases governors who have been parent governors, may wish to continue in another capacity, particularly if they have expertise and knowledge in certain areas.

### **Policies and procedures adopted for the induction and training of Governors**

#### **New Governors**

New governors will receive a welcome pack that contains information about the academy. This includes the structure and organisation of the academy, academy improvement plan, latest Ofsted report and minutes of any relevant meetings. The new governor will also be invited to have a tour of the school followed by a meeting with the Principal and Business Manager. In the case of a new finance governor, a discussion with the Business Manager will include details of the latest budget and budget forecast.

New governors will also be offered training. The Professional Development Coordinator (PDC) holds details of courses available. The Business Manager will also provide training pertaining to the finance system if required.

#### **Existing Governors**

New training is brought to the attention of all governors at full governors meetings and they are free to book these with the PDC. On occasions the Principal will invite governors to in-house training when applicable.

A training budget is provided for governors.

### **Organisational structure**

The Head Teacher is responsible for the day-to-day management of the school and is the accounting officer. The Senior Leadership Team take responsibility for development of the School Improvement Plan which ultimately drives the school budget.

The Head Teacher has delegated the management of and administration of the budget to the School Business Manager. The Head Teacher remains the key accounting officer.

The governing body are responsible for final decisions on budget administration and allocation.

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

For the period ended 31 August 2012 there were no connected organisations

### **Risk management**

The governors have assessed the major risks to which the academy is exposed, with guidance from the Academies Financial Handbook. A risk register has been produced and will be reviewed annually by the governing body. This register includes sections specifically for

- 1 Financial Risk
- 2 Compliance Risk
- 3 Operational Risk
- 4 Strategic Risk

### **Objectives and Activities**

#### **Objects and aims**

The Academy Trust's object is specifically restricted to the following

- To advance for 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

#### **Objectives, Strategies and Activities**

- Total commitment to enabling every learner to reach their full potential
- Inspirational and challenging experiences for every child in a personalized context
- Opportunities for children to develop their individual strengths and interests
- Fostering positive attitudes, independence and enthusiasm for learning
- An emphasis on consideration for others, politeness and tolerance
- Recognition of the value of partnerships between home and the community
- Provision of a stimulating, caring, safe and efficiently run environment in which to work and play

### **Public benefit**

The 2 principles of Public Benefit as described by the Charity Commission are explained below

- Principle 1 There must be an identifiable benefit or benefits

The objectives, strategies and activities are described above

- Principle 2 Benefit must be to the public, or section of the public

The beneficiaries will be the pupils on roll at the academy who have been admitted in accordance with the admission criteria

## Achievements and performance

### Pupil achievements

The table below highlights the pupils achievements from 2010 – 2012 at the end of Key Stage 1

	2010 2b+ targets	2010 Results 2b+	2010 level 3 targets	2010 Results level 3	2011 2b+ targets	2011 2b+ Results	2011 Level 3 targets	2011 Level 3 Results	2012 2b+ targets	2012 Level 3 targets	2012 2b + results	2012 Level 3 results	2013 2b + targets	2013 Level 3 targets
Speaking and Listening	100%	99%	35%	32%	100%	100%	40%	45%	100%	40%	99%	37%	100%	40%
Reading	91%	81%	40%	37%	87%	87%	40%	48%	85%	33%	85%	43%	90%	45%
Writing	93%	78%	30%	27%	83%	84%	30%	35%	83%	33%	83%	29%	93%	35%
Mathematics	94%	96%	39%	39%	96%	98%	40%	45%	96%	40%	98%	42%	98%	45%
Science	100%	99%	40%	39%	100%	100%	40%	37%	100%	40%	96%	41%	100%	43%

The school rigorously monitors pupil's attainment using a variety of assessment processes. OfSTED noted during the recent "Outstanding" inspection that "The Principal and senior leaders check the progress of each pupil frequently to identify individuals or small groups who are not doing as well as expected" (OfSTED 2012)

### 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 Accounting Policies.

### Financial review

A full financial statement is included with this report. The statement will confirm that the principal sources of funding were as follows:

Restricted Income                      General Annual Grant  
Pupil Premium

Unrestricted Income                      Income generated by the Academy such as lettings and catering

To support the school's aim of "developing a school offering a broad and balanced curriculum" the School Improvement Plan had identified development of the woodland and an art room. Expenditure during 2011-2012 does reflect

The Accounting Policy was adopted this year by the governing body.

### **Principal risks and uncertainties**

The Risk Register is a comprehensive document and highlights many risks to which the academy may be exposed. The main risks would be falling numbers on roll. This would impact significantly on income. The mitigation of this is described in the Risk Register.

### **Reserves policy**

The Governors review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The school has fund balances in surplus at 31 August 2012 of £2,607,053, comprising of a £42,881 surplus on restricted funds, £2,984,519 surplus on restricted fixed assets funds, £78,653 surplus on unrestricted funds and a pension reserve deficit of £499,000.

### **Plans for the future**

#### **Future developments**

It is not intended to change the aims as described in the Articles of Association.

#### **Funds held as custodian**

The Academy holds no funds on behalf of others as a custodian trustee.


#### **Auditors**

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **Provision of information to auditors**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by

  
A Goldstraw  
Chair of Governors



**The Violet Way Academy**  
**(A company limited by guarantee)**

**Governance Statement**

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**Scope of Responsibility**

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Violet Way Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met 4 times during the period. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
A Goldstraw	4	4
J Smith	4	4
J Copeman (appointed 14 November 2011)	2	2
D Marshall*	4	4
J Harrison	4	4
L Bridge	4	4
G Willett	4	4
A Puntis (appointed 22 November 2011)	2	2
L Evans	1	4
P Diffey	4	4
G Lomas	1	4
S Ballard	4	4
K Colclough	4	4
D MacBeath	4	4
J Smith	4	4
P Wallace (resigned 31 December 2011)	1	1

During the academic year 2011/2012 there have been 3 new governors, the remainder have been with the school some time giving stability and experience during what was an exciting and challenging year as the school became an academy.

**The Violet Way Academy**  
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**Governance Statement (continued)**

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The **Finance and General Purposes Committee** is a sub-committee of the main governing body. Its purpose is to monitor the financial activities of the Academy and make decisions relating to finance. During the year Mr J Copeman, who is a retired accountant, took on the role of Responsible Officer and now advises the Finance Committee.

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
A Goldstraw	4	4
G Willett	3	4
J Smith	3	4
D Marshall	4	4
J Harrison	4	4

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

**Capacity to Handle Risk**

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance 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 (as set 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 J Copeman, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

### **Review of Effectiveness**

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

- the 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 who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the governing body on 3 December 2012 and signed on their behalf, by



**A Goldstraw**  
Chair of Governors



**D Marshall**  
Accounting officer

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**D Marshall**  
Accounting officer

Date 3 December 2012

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Governors' Responsibilities Statement**  
**For the period ended 31 August 2012**

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The Governors (who act as trustees for charitable activities of The Violet Way Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by

  
\_\_\_\_\_  
**A Goldstraw**  
Chair of Governors

**Independent Auditors' Report to the Members of The Violet Way Academy**

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We have audited the financial statements of The Violet Way Academy for the period ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy'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 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 for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for qualified opinion on financial statements**

The notes to the financial statements do not disclose remuneration paid to the Head Teacher and staff governors in the period in respect of services they provide undertaking the roles of Head Teacher and staff. Such disclosure is required by the Accounts Direction 2011/12 issued by the Education Funding Agency.

**Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements

give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Independent Auditors' Report to the Members of The Violet Way Academy**

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**Opinion on other matter prescribed by the Companies Act 2006**

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

**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



Lisa Richards FCCA (Senior statutory auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Charlotte House, Derby  
3 December 2012

**The Violet Way Academy  
(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Violet Way Academy and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 10 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Violet Way Academy during the period 1 June 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**Respective responsibilities of The Violet Way Academy's Accounting officer and the reporting accountant**

The Accounting officer is responsible, under the requirements of The Violet Way Academy's funding agreement with the Secretary of State for Education dated 1 June 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 June 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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



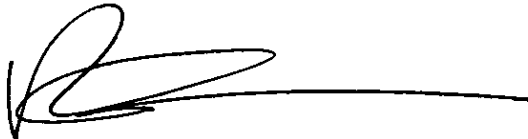
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**Independent Reporting Accountant's Assurance Report on Regularity to The Violet Way Academy and the Education Funding Agency (continued)**

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**Conclusion**

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

A handwritten signature in black ink, consisting of a stylized 'D' followed by a long horizontal line.

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Charlotte House, Derby

3 December 2012

**The Violet Way Academy**  
(A company limited by guarantee)

**Statement of Financial Activities,  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
For the period ended 31 August 2012**

	Note	Unrestricted funds 2012 £	Restricted general funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income - transfer from Local Authority on conversion	3	34,604	(385,000)	2,983,287	2,632,891
Other voluntary income	3	28,087	-	-	28,087
Activities for generating funds	4	36,521	155,564	-	192,085
Investment income	5	47	-	-	47
Incoming resources from charitable activities					
Funding for the academy's educational operations	6	25,000	1,368,462	7,173	1,400,635
<b>Total incoming resources</b>		<b>124,259</b>	<b>1,139,026</b>	<b>2,990,460</b>	<b>4,253,745</b>
<b>Resources expended</b>					
Charitable activities - Academy's educational operations	8	26,971	1,417,814	86,977	1,531,762
Governance costs	11	6,273	9,657	-	15,930
<b>Total resources expended</b>	7	<b>33,244</b>	<b>1,427,471</b>	<b>86,977</b>	<b>1,547,692</b>
<b>Net incoming resources / (resources expended) before transfers</b>		<b>91,015</b>	<b>(288,445)</b>	<b>2,903,483</b>	<b>2,706,053</b>
Transfers between Funds	19	(12,362)	(68,674)	81,036	-
<b>Net incoming resources before revaluations</b>		<b>78,653</b>	<b>(357,119)</b>	<b>2,984,519</b>	<b>2,706,053</b>
Actuarial losses on defined benefit pension scheme		-	(99,000)	-	(99,000)
<b>Net movement in funds for the year</b>		<b>78,653</b>	<b>(456,119)</b>	<b>2,984,519</b>	<b>2,607,053</b>
Total funds at 15 April 2011		-	-	-	-
<b>Total funds at 31 August 2012</b>	19	<b>78,653</b>	<b>(456,119)</b>	<b>2,984,519</b>	<b>2,607,053</b>

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

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

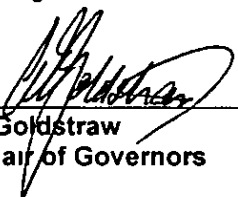
The notes on pages 19 to 37 form part of these financial statements

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Registered number: 07606026**

**Balance Sheet**  
**As at 31 August 2012**

	<b>Note</b>	<b>£</b>	<b>2012 £</b>
<b>Fixed assets</b>			
Tangible assets	16		<b>2,984,519</b>
<b>Current assets</b>			
Debtors	17	<b>49,909</b>	
Cash at bank and in hand		<b>106,553</b>	
		<b>156,462</b>	
<b>Creditors: amounts falling due within one year</b>	18	<b>(34,928)</b>	
<b>Net current assets</b>			<b>121,534</b>
<b>Total assets less current liabilities</b>			<b>3,106,053</b>
Defined benefit pension scheme liability	25		<b>(499,000)</b>
<b>Net assets including pension scheme liabilities</b>			<b>2,607,053</b>
<b>Funds of the academy</b>			
Restricted general funds			
Restricted general funds	19	<b>(456,119)</b>	
Restricted fixed asset funds	19	<b>2,984,519</b>	
Total restricted general funds			<b>2,528,400</b>
Unrestricted funds	19		<b>78,653</b>
<b>Total funds</b>			<b>2,607,053</b>

The financial statements were approved by the Governors, and authorised for issue, on 3 December 2012 and are signed on their behalf, by

  
**A Goldstraw**  
**Chair of Governors**

The notes on pages 19 to 37 form part of these financial statements

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Cash Flow Statement**  
**For the period ended 31 August 2012**

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	<b>Note</b>	<b>2012 £</b>
Net cash flow from operating activities	21	<b>175,180</b>
Returns on investments and servicing of finance	22	<b>47</b>
Capital expenditure and financial investment	22	<b>(68,674)</b>
<b>Increase in cash in the period</b>		<b>106,553</b>

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All of the cash flows are derived from acquisitions in the current financial period

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**Reconciliation of Net Cash Flow to Movement in Net Funds**  
**For the period ended 31 August 2012**

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	<b>2012 £</b>
Increase in cash in the period	<b>106,553</b>
<b>Movement in net funds in the period</b>	<b>106,553</b>
<b>Net funds at 31 August 2012</b>	<b>106,553</b>

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The notes on pages 19 to 37 form part of these financial statements

**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 Commissions Statement of Recommended Practice (SORP 2005), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted are set out below.

**1.2 Going concern**

The Governing Body assess whether the use of the going concern basis is appropriate and whether there are any material uncertainties related to event or conditions that may cast significant doubt on the ability of the company to continue as a going concern. After making appropriate enquires, 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 has continued to adopt the going concern basis in preparing the financial statements.

**1.3 Company status**

The academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1. Accounting Policies (continued)**

**1.4 Incoming resources**

All incoming resources are included in the statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy

**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.

**Sponsorship income**

Sponsorship income provided to the academy 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.

**Donated services**

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

**Donations**

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

**Other 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.

**1.5 Resources expended**

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

**Charitable activities**

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

**Governance costs**

Governance costs include the costs attributable to the academy'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. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 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 are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

On the 1st June 2011, the freehold title of the school site was transferred to the Academy. As the school is a specialised property, as defined in Financial Reporting Standard Number 15 - Tangible Fixed Assets, this freehold property has been valued in the accounts on a Depreciated Replacement Cost basis.

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 property	-	2% straight line
Freehold property improvements	-	10% straight line
Fixtures, fittings and equipment	-	20% straight line
Computer equipment	-	33% straight line

No depreciation is charged on Freehold land.

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.

**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 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1 Accounting Policies (continued)**

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**1.10 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department of Education and the Education Funding Agency 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 Department of Education and the Education Funding Agency.



**The Violet Way Academy****(A company limited by guarantee)****Notes to the Financial Statements****For the period ended 31 August 2012**

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**1. Accounting Policies (continued)****1.11 Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from The Violet Way Infant School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds

On conversion the school entered into a lease arrangement with Staffordshire County Council to lease the land and buildings over a period of 125 years for a peppercorn rental. Also on conversion the school inherited the fixtures and fittings and other tangible assets for the continued use of the school. It has been estimated that the valuation of these assets equates to £2,977,307. As part of the conversion the LGPS obligation relating to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion was valued at £385,000

Further details of the transaction are set out in note 24

**1.12 Transfers between funds**

Transfers between funds relate to fixed asset purchase from GAG

**2. General Annual Grant (GAG)**

	2012 £
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	1,301,124
<b>Total GAG Available to spend</b>	<b>1,301,124</b>
Recurrent expenditure from GAG	(1,189,569)
Fixed assets purchased from GAG	(68,674)
<b>GAG Carried forward to next year</b>	<b>42,881</b>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(156,135)
<b>GAG to surrender to DfE</b>	<b>(113,254)</b>
(12% rule breached if result is positive)	No breach

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

**3 Voluntary income**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Voluntary income - transfer from Local Authority on conversion	34,604	2,598,287	2,632,891
Donations	28,087	-	28,087
Voluntary income	62,691	2,598,287	2,660,978

**4. Activities for generating funds**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Catering income	-	107,189	107,189
Lettings income	21,849	-	21,849
Other income	14,672	48,375	63,047
	36,521	155,564	192,085

**5. Investment income**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Interest receivable	47	-	47

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

**6 Funding for Academy's educational operations**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
General Annual Grant	-	1,301,124	1,301,124
Start up grants	25,000	-	25,000
Capital grants	-	7,173	7,173
Pupil premium	-	23,524	23,524
Rates grant	-	1,591	1,591
Mainstream grants	-	26,538	26,538
Insurance grant	-	15,685	15,685
	<u>25,000</u>	<u>1,375,635</u>	<u>1,400,635</u>

**7. Analysis of resources expended by expenditure type**

	Staff costs 2012 £	Premises 2012 £	Other costs 2012 £	Total 2012 £
Educational Operations	1,149,033	146,505	236,224	1,531,762
Governance	-	-	15,930	15,930
	<u>1,149,033</u>	<u>146,505</u>	<u>252,154</u>	<u>1,547,692</u>

**8 Analysis of resources expended by activities**

	Direct costs 2012 £	Support costs 2012 £	Total 2012 £
Educational Operations	<u>955,956</u>	<u>575,806</u>	<u>1,531,762</u>

**The Violet Way Academy**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

**9 Direct costs**

	£
Curriculum supplies	32,515
Reprographics costs	3,800
Printing, postage and stationery	3,066
Staff training	6,909
Other educational costs	7,895
Wages and salaries	691,632
National insurance	53,812
Pension cost	92,834
Depreciation	63,493
	<u>955,956</u>

**10 Support costs**

	£
LGPS pension finance cost	19,000
Maintenance of premises	67,836
Heat and light	14,005
Rent and rates	10,213
Equipment costs	12,822
Catering costs	58,817
Printing, postage and stationery	597
Telephone and fax	249
Other educational costs	33,486
Insurance	24,542
Wages and salaries	259,991
National insurance	9,871
Pension cost	40,893
Depreciation	23,484
	<u>575,806</u>

**11 Governance costs**

	Unrestricted funds 2012 £	Restricted general funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	5,500	5,500
Auditors' non audit costs	-	900	900
Legal and professional fees	6,273	3,257	9,530
	<u>6,273</u>	<u>9,657</u>	<u>15,930</u>

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

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**12. Net incoming resources / (resources expended)**

This is stated after charging

	2012 £
Depreciation of tangible fixed assets - owned by the charity	86,977
Auditors' remuneration	5,500
Auditors' remuneration - non-audit	900
	<u>900</u>

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

**13. Staff costs**

Staff costs were as follows

	2012 £
Wages and salaries	951,623
Social security costs	63,683
Other pension costs (Note 25)	133,727
	<u>1,149,033</u>

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

	2012 No.
Teachers	9
Administration and support	20
	<u>29</u>

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

	2012 No.
In the band £80,001 - £90,000	1

The employee participated in the Teacher's Pension Scheme and contributions totalled £12,537 in the period ended 31 August 2012

**The Violet Way Academy****(A company limited by guarantee)****Notes to the Financial Statements****For the period ended 31 August 2012****14. Governors' remuneration**

The Head Teacher and staff governors 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 governors. Governors are concerned that to give details of their remuneration from the Academy would only serve to discourage staff from becoming governors in the future which would be to the detriment of the Governors and School as a whole, for this reason the decision was made not to make this information available in these accounts.

Other governors did not receive and payment in respect of their role as governors.

**15. Governors' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £582.

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

**16. Tangible fixed assets**

	Freehold land and property £	Freehold property improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost</b>					
Additions	-	58,807	-	35,382	94,189
Transfer on conversion	2,938,408	-	13,200	25,699	2,977,307
At 31 August 2012	2,938,408	58,807	13,200	61,081	3,071,496
<b>Depreciation</b>					
Charge for the period	54,451	5,880	3,300	23,346	86,977
At 31 August 2012	54,451	5,880	3,300	23,346	86,977
<b>Net book value</b>					
At 31 August 2012	2,883,957	52,927	9,900	37,735	2,984,519

Included in land and property is freehold land at a valuation of £215,841 which is not depreciated.

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

**17 Debtors**

	2012 £
Trade debtors	518
Other debtors	48,491
Prepayments and accrued income	900
	<u>49,909</u>

**18. Creditors:**  
**Amounts falling due within one year**

	2012 £
Trade creditors	59
Social security and other taxes	15,483
Other creditors	12,986
Accruals	6,400
	<u>34,928</u>

**19. Statement of funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	-	124,259	(33,244)	(12,362)	-	78,653
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,301,124	(1,189,569)	(68,674)	-	42,881
Pension reserve	-	(385,000)	(15,000)	-	(99,000)	(499,000)
Other DfE/EFA grants	-	67,338	(67,338)	-	-	-
Other restricted income	-	155,564	(155,564)	-	-	-
	<u>-</u>	<u>1,139,026</u>	<u>(1,427,471)</u>	<u>(68,674)</u>	<u>(99,000)</u>	<u>(456,119)</u>

**The Violet Way Academy****(A company limited by guarantee)****Notes to the Financial Statements****For the period ended 31 August 2012****19. Statement of funds (continued)****Restricted fixed asset funds**

DfE/EFA capital grants	-	13,153	(18,810)	81,036	-	75,379
Assets on conversion	-	2,977,307	(68,167)	-	-	2,909,140
	-	2,990,460	(86,977)	81,036	-	2,984,519
Total restricted funds	-	4,129,486	(1,514,448)	12,362	(99,000)	2,528,400
Total of funds	-	4,253,745	(1,547,692)	-	(99,000)	2,607,053

**Restricted general funds**

This fund represents grants and other income received for the Academy's operational activities and development

**Pension reserve**

The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund

**Restricted fixed asset funds**

This fund represents grants received from the DfE and EFA to carry out works of a capital nature

**Summary of funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	124,259	(33,244)	(12,362)	-	78,653
Restricted funds	-	1,139,026	(1,427,471)	(68,674)	(99,000)	(456,119)
Restricted fixed asset funds	-	2,990,460	(86,977)	81,036	-	2,984,519
	-	4,253,745	(1,547,692)	-	(99,000)	2,607,053



**The Violet Way Academy**

**(A company limited by guarantee)**

**Notes to the Financial Statements**

**For the period ended 31 August 2012**

**20 Analysis of net assets between funds**

	Unrestricted funds 2012 £	Restricted general funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	2,984,519	2,984,519
Current assets	107,971	48,491	-	156,462
Creditors due within one year	(29,318)	(5,610)	-	(34,928)
Provisions for liabilities and charges	-	(499,000)	-	(499,000)
	<u>78,653</u>	<u>(456,119)</u>	<u>2,984,519</u>	<u>2,607,053</u>

**21. Net cash flow from operations**

	2012 £
Net incoming resources before revaluations	2,706,053
Returns on investments and servicing of finance	(47)
Non cash gift from local authority	(2,592,307)
Depreciation of tangible fixed assets	86,977
Capital grants from DfE	(13,153)
Capital donations	(12,362)
Increase in debtors	(49,909)
Increase in creditors	34,928
FRS 17 adjustments - pension costs for LGPS scheme	15,000
<b>Net cash inflow from operations</b>	<u><u>175,180</u></u>

**22. Analysis of cash flows for headings netted in cash flow statement**

	2012 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u><u>47</u></u>
	2012 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(94,189)
Capital grants from DfE	13,153
Capital donations	12,362
<b>Net cash outflow capital expenditure</b>	<u><u>(68,674)</u></u>

**The Violet Way Academy****(A company limited by guarantee)****Notes to the Financial Statements****For the period ended 31 August 2012****23. Analysis of changes in net debt**

	15 April 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	106,553	-	106,553
<b>Net funds</b>	<b>-</b>	<b>106,553</b>	<b>-</b>	<b>106,553</b>

**24. Conversion to an academy trust**

On 1 June 2011 Violet Way Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Violet Way Academy from Staffordshire County Council for £NIL consideration

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	2,938,408	2,938,408
- Other tangible fixed assets	-	-	38,899	38,899
Budget surplus on LA funds	34,604	-	5,980	40,584
LGPS pension deficit	-	(385,000)	-	(385,000)
<b>Net assets/(liabilities)</b>	<b>34,604</b>	<b>(385,000)</b>	<b>2,983,287</b>	<b>2,632,891</b>

The above net assets include £40,584 that was transferred as cash

On conversion of the academy the freehold land and buildings was transferred from Staffordshire County Council

**The Violet Way Academy**

**(A company limited by guarantee)**

**Notes to the Financial Statements**

**For the period ended 31 August 2012**

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**25. Pension commitments**

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

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

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

**Teachers' Pension Scheme**

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

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

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

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

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

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

**The Violet Way Academy**

**(A company limited by guarantee)**

**Notes to the Financial Statements**

**For the period ended 31 August 2012**

**25. Pension commitments (continued)**

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £96,000, of which employer's contributions totalled £74,000. The agreed contribution rate for future years are 19.5% for employers and 5.5 - 7.5% for employees.

As described in note 24 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the balance sheet are as follows:

	2012 £
Present value of funded obligations	(941,000)
Fair value of scheme assets	442,000
Net liability	<u>(499,000)</u>

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

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**25. Pension commitments (continued)**

The amounts recognised in the statement of financial activities are as follows

	2012 £
Current service cost	(70,000)
Interest on obligation	(51,000)
Expected return on scheme assets	32,000
	<hr/>
Total	(89,000)
	<hr/>
Actual return on scheme assets	(15,000)
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Movements in the present value of the defined benefit obligation were as follows

	2012 £
Current service cost	70,000
Interest cost	51,000
Contributions by members	22,000
Liabilities assumed in a business combination	717,000
Actuarial losses	81,000
	<hr/>
Closing defined benefit obligation	941,000
	<hr/>

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

	2012 £
Expected return on assets	32,000
Contribution by employer	74,000
Contributions by employees	22,000
Assets acquired in a business combination	332,000
Actuarial losses	(18,000)
	<hr/>
	442,000
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £99,000

The academy expects to contribute £67,000 to its Defined benefit pension scheme in 2013

**25. Pension commitments (continued)**

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

	<b>2012</b>
European equities	<b>76.00 %</b>
European bonds	<b>13.00 %</b>
Property	<b>9.00 %</b>
Cash	<b>2.00 %</b>

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

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

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

	<b>2012</b>
Retiring today	
Males	<b>21.2</b>
Females	<b>23.4</b>
Retiring in 20 years	
Males	<b>23.3</b>
Females	<b>25.6</b>

Amounts for the current period are as follows

Defined benefit pension schemes

	<b>2012</b>
	<b>£</b>
Defined benefit obligation	<b>(941,000)</b>
Scheme assets	<b>442,000</b>
Deficit	<b>(499,000)</b>

**The Violet Way Academy**  
**(A company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the period ended 31 August 2012**

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**26. Operating lease commitments**

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings 2012 £</b>	<b>Other 2012 £</b>
<b>Expiry date:</b>		
Between 2 and 5 years	<u>-</u>	<u>7,913</u>

**27 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

**28. 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 are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no other related party transactions in the period ended 31 August 2012

**29. Controlling party**

The charity is controlled by the Board of Governors