

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

SATURDAY



A24 *A10A2V2Y* #212
22/12/2012
COMPANIES HOUSE

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details of the academy, its governors and advisers	1 - 2
Governors' report	3 - 12
Governance statement	13 - 15
Statement on regularity, propriety and compliance	16
Governors' responsibilities statement	17
Independent auditors' report	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities	22
Balance sheet	23
Cash flow statement	24
Notes to the financial statements	25 - 42

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Governors

S Arlidge, Parent Governor (appointed 1 August 2011)¹
E Burd, Parent Governor (appointed 1 October 2011)^{2 5}
S Chapman, Parent Governor (appointed 1 August 2011)¹
T Colquhoun, Staff Governor (appointed 27 March 2012)^{3 4}
J Davey, Staff Governor (appointed 1 August 2011)^{1 2}
R Hawes (appointed 1 August 2011)^{1 3 5}
A Hayne, Staff Governor (appointed 29 June 2011)^{3 4}
P Hemming (appointed 1 August 2011)^{4 5}
J Hutson (appointed 1 August 2011)¹
L Malik (appointed 27 March 2012)¹
A Owen (appointed 1 August 2011)²
A Parker, Parent Governor (appointed 1 October 2011)³
I Poole, Parent Governor (appointed 29 June 2011)^{1 2 3 4 5}
R Thompson, Staff Governor (appointed 27 March 2012)^{2 4}
P Todd (appointed 1 August 2011)^{2 4}
B Wratten, Headteacher (appointed 29 June 2011)^{1 2 3 4 5}
R Bowers (appointed 1 August 2011, resigned 19 July 2012)^{2,3}
M Charlton (appointed 1 August 2011, resigned 31 January 2012)²
D Hendzel, Parent Governor (appointed 1 August 2011, resigned 1 October 2011)²
M Kearley (appointed 1 August 2011, resigned 9 January 2012)⁴
R Sturge (appointed 6 September 2011, resigned 27 February 2012)
J Rogers (appointed 1 August 2011, resigned 24 August 2011)^{1 4}

- ¹ Strategic and Planning Committee
² Curriculum and Behaviour Committee
³ Finance and Premises Committee
⁴ Personnel Committee
⁵ Pay Committee

**Company registered
number**

07687722

**Principal and Registered
office**

Churchill Green
Churchill
North Somerset
BS15 5QN

Company secretary

A Neale, School Business Manager

Accounting officer

Dr B Wratten

Senior Leadership Group

B Wratten, Headteacher
M Branch, Deputy Head
F Dawes, Deputy Head
C George, Assistant Head / Director of Sixth Form
L McKay, Assistant Head / Director of Student Welfare
P Trapp, Assistant Head / SENCO
J Busch, Assistant Head / Outstanding Achievement
R Morgan, Assistant Head / Outstanding Achievement
A Neale, Business Manager

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Advisers (continued)

Auditors Bishop Fleming
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Bankers Lloyds TSB Bank plc
Bath Street
Cheddar
Somerset
BS27 3AB

Solicitors Stone King LLP
13 Queen Square
Bath
BA1 2HJ

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy (was incorporated on 29 June 2011 and opened as an Academy on 1 August 2011) is a charitable 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.

The Governors act as the Trustees for the charitable activities of Churchill Academy and are also the directors of the charitable company for the purposes of company law.

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

Members' Liability

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

Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 million in aggregate claims.

Principal Activity

The principal activity of the Academy is the education of children from the villages in the west Mendip area and also a significant number from the nearby town of Weston-super-Mare. The Academy Trust has no foundation other than its Governing Body and has no religious or other affiliation. The Academy provides secondary phase education based on the National Curriculum, is non-selective and has a strong local reputation for its academic performance and extra-curricular provision, especially in sport and the performing arts, the latter remaining a specialist area of focus. The Academy caters for students of all abilities in the main school (Years 7 to 11, ages 11 to 16) and has results above national averages. A distinctive feature of the Academy is its Sixth Form where students make outstanding progress and achievement and our results reflect this.

GOVERNORS

Method of recruitment and appointment or election of Governors

On 1 August 2011 the Trustees who were appointed at incorporation appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy shall have the following Governors as set out in its Articles of Association and funding agreement:

- up to 7 Governors, appointed under article 50
- up to 3 staff Governors, if appointed under Articles 58A, 58B
- subject to there being a minimum of 2 elected Parent Governors up to 5 Parent Governors under Articles 53-58, up to 2 Appointed Governors, appointed under Article 50
- up to 1 specified Staff Governor appointed under article 50
- The Headteacher (who is treated for all purposes as being an ex officio Governor)
- Any additional Governors, if appointed under Articles 62, 62A or 68A, and
- Any further Governors, if appointed under Articles 63 or 68A

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Governors

The Academy has a Governor Induction policy available from the Clerk to the Governors.

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by Governor support within the Local Authority and other bodies.

Organisational Structure

The Board of Governors normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 5 committees as follows,

- **Strategic Planning Committee**
Meeting Frequency – 3 times per year
Purpose - To ensure that the Academy is following the strategic direction established by the Governing Body, and to keep all aspects of the Academy's performance under review and support overall improvement activity within the school working closely with the SLG and other focused Governors' Sub-Committees. This group also act as the Admissions Committee for the Governing Body.
- **Curriculum & Behaviour Committee**
Meeting frequency – 3 times per year
Purpose - To evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- **Finance and Premises Committee**
Meeting frequency – 4 times per year
Purpose - Responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Health and Safety, site and premises are also within the remit of this committee.
- **Personnel Committee**
Meeting Frequency – 4 times per year
Purpose - The Committee will have responsibility for all staffing matters. It will obtain information from the Head and others in order to be satisfied that Governors' responsibilities are carried out.
- **Pay Committee**
Meeting frequency – at least once per year
Purpose – to agree and authorise pay related matters.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

The following decisions are reserved to the Board of Governors, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the Annual Development Plan and budget

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

The Academy has a leadership structure which consists of the Governors, The Senior Leadership Group and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels

The Senior Leadership Group (SLG) consists of the Headteacher, two Deputy Headteachers, five Assistant Headteachers and the Academy Business Manager. The SLG controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Headteacher, Academy Business Manager and Finance and Premises Committee are responsible for the authorisation of spending within agreed budgets, a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for senior staff posts always include a Governor

The Headteacher is the Accounting Officer

Risk management

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis

Connected Organisations, including Related Party

Tone Leisure Ltd has use of the Academy's leisure facilities and there is a dual use agreement between them and the Academy

The Academy has strong collaborative links with 8 feeder primary schools which form part of the Churchill Cluster

There are no related parties which either control or significantly influence the decisions and operations of Churchill Academy. There is an active Parent Teacher Association. There are no sponsors of the Academy

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of Churchill Academy to provide free education and care for pupils of different abilities between the ages of 11 and 18

Our primary aim at Churchill is to educate all our students to the highest standards they can achieve and to support them in becoming confident individuals, successful learners and responsible citizens. The Academy's work is underpinned by the values we proclaim: Care-Inspire-Challenge-Achieve. To fulfil this, we will

- Provide our students with a range of knowledge and skills,
- Provide a broad range of subjects and ways of study,
- Meet the individual interests, abilities, aptitudes and needs of all students,
- Encourage our students to aim high, to appreciate ambition and enterprise and to recognise the value of all their achievements

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

Through the education provided at Churchill, we aim to give our students the ability to be

- **Independent & enquiring - accessing, analysing & evaluating information**
 - planning & researching
 - exploring different perspectives,
- **Creative thinkers - generating & exploring ideas**
 - questioning & applying critical judgment
 - adaptive to changing circumstances,
- **Self-managers - self-organising**
 - responsible & flexible
 - responding positively to change & challenge,
- **Team workers - collaborative**
 - responsible
 - fair & considerate to others,
- **Effective participants - involved with school & community**
 - aware of wider issues
 - willing to improve their world,
- **Reflective - identifying opportunities & achievements**
 - setting goals & reviewing progress
 - celebrating success & managing disappointment

Churchill also sets out, through the Academy's Pastoral system, curricular and extra-curricular opportunities and the safe and respectful ethos and culture of the school, to support our students as young people growing up, preparing them for life beyond school by encouraging them to

- Express themselves confidently
- Understand, respect and tolerate the views of others
- Give of their best in all activities through perseverance
- Behave in a tolerant, self-disciplined, sensitive and caring manner towards others
- Accept responsibility for the consequences of their actions

Objectives, Strategies and Activities

Key priorities for the year are contained in our 3 year Strategic Plan which is available from the Academy Office

Strategic Planning

TO ACHIEVE A SHARED UNDERSTANDING OF HIGHLY EFFECTIVE GOVERNANCE AND LEADERSHIP AND MANAGEMENT AT ALL LEVELS TO ENSURE OUTSTANDING STATUS IN ALL AREAS

- Governance reflects the Academy Self Evaluation Forms (SEF) 'outcomes/judgements' on outstanding governance
- Leadership & management at all levels demonstrate ambition in their work to achieve and sustain 'outstanding'
- Leadership and management drive and secure improvement through an explicit vision and climate of continuing improvement

THE 3 YEAR STRATEGIC PLAN IS REFRESHED TO REFLECT THE ACADEMY'S ON-GOING PRIORITIES AND THE SIAP AND FACULTY/TEAM ACTION PLANS ARE ALIGNED TO THESE

- Ambitious targets are set by Governors, SLG and all leaders and managers throughout the organisation
- Action planning is aligned with performance management priorities
- Outcomes are quantifiable and achievable
- Governors, Leadership and Management use relevant information about performance to devise and

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

implement plans and policies

MONITORING BY GOVERNORS, SLG AND LEADERSHIP AND MANAGEMENT AT ALL LEVELS IS ROBUST

- Governors, Leaders and Managers use relevant information about performance to monitor and adjust plans and policies
- Governors, Leaders and Managers have a coherent understanding of accountability for performance

Curriculum

TO DELIVER A BROAD AND BALANCED CURRICULUM

- Personalised pathways meet the needs of all students at KS4
- There is a broader range of provision at KS5

TO ACHIEVE EXCELLENCE IN PEDAGOGY AND THE NURTURING OF A LEARNING COMMUNITY

- Academy 5 A*-C including English and Maths results are consistently 70%+ in 2012 and 2013
- All areas of the curriculum perform consistently at 70-80% A*C at GCSE
- All identified students make at least 3 levels of progress from KS2 - 4
- In school variance reduced - 80% of lessons observed are good or outstanding in 2012 and 90% in 2013
- Interventions are effective in improving student outcomes
- The work of the SIB has reduced barriers to learning and narrowed the gap in the performance of SEN, FSM and vulnerable students' achievements
- Parent feedback indicates that they feel that they work in partnership with The Academy to support their child's learning

TO FOSTER STRONG PARTNERSHIPS WHICH ENRICH OPPORTUNITIES FOR STUDENTS

Finance

TO IMPLEMENT AND MAINTAIN SOUND FINANCIAL CONTROLS TO MAXIMISE THE IMPACT OF THE ACADEMIES FUNDS

- Achieving an in-year budget without deficit
- Managing reduced funding effectively
- Governor satisfaction regarding Accountancy and Compliance

MAXIMISING INCOME STREAMS TO THE ACADEMY THROUGH THE ACCURACY OF SCHOOL DATA, EFFECTIVE MARKETING STRATEGIES, SUCCESSFUL PROJECT BIDS AND COLLABORATION

- Increased funding beyond the standard YPLA formula allocations
- Exploring ways to sustain and increase student numbers

MINIMISING THE ACADEMY'S OPERATIONAL COSTS THROUGH PRUDENT COMMISSIONING AND COLLABORATIVE PROCUREMENT

- Demonstrable savings through efficient procurement for services, contracts and resources
- The Academy has engaged in a collaborative arrangement with other School through its cluster connections

Personnel

**TO RECRUIT AND MAINTAIN EXCELLENT STAFF
EFFECTIVE WELL-BEING FOR ALL STAFF
COMMUNICATION SYSTEM IS VALUED BY ALL STAFF**

Premises

TO USE NEW TECHNOLOGIES AND ICT CREATIVELY TO ENHANCE PUPIL PROGRESS AND SIGNIFICANTLY IMPACT ON TEACHING AND LEARNING

- Implementation a 3 year ICT improvement plan with continued development of faculty based ICT resource areas
- Expansion of the VLE as a valuable learning environment with both parents and students
- Academy rebranded and new website promoted as key marketing tool

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

- SMILE embedded across the Academy, investment and development of the Academy's electronic communication system between Academy and Home
- Promote the use of 'in-house' IT resources to facilitate more bespoke training for staff
- Develop the Learning Pod as a key resource
- Use of New Technologies to enhance teaching and learning initiated

DEVELOP THE CAPACITY OF THE ACADEMY

- Improvement of Academy's physical environment
- Undertake a feasibility study to develop a master site plan for the Academy
- Examine ways to reduce the carbon footprint of the Academy
- Promote safe travel to and from Academy along with encouraging all members of our community to use eco-friendly methods
- Review site staffing structure to effectively meet the operational needs of the Academy

TO HAVE AN EFFECTIVE AND SUSTAINABLE ORGANISATION

- Evaluate administration roles within the Academy
- Implement a comprehensive health and safety strategy
- Undertake a services and supplies audit
- Establishing a strong culture of belonging and ownership within the community, rooted in the House ethos – reaffirming House ethos and expectations
- Promoting the values of high expectations through actions in the classroom through taking responsibility for our right to learn
- A proactive system of identification of patterns of disengagement, which lead to planned and preventative measures to minimise the negative impact of poor behaviour upon student culture and learning
- A uniformed and consistent standard of behaviour (positive/negative) which are recognised and employed across the school

Public Benefit

The Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

Churchill's long tradition of excellent exam results continued this year. The Academy's outstanding Sixth Form achieved the best results in North Somerset – overall pass rate per entry at 99.4% was up, there was an increase in the proportion of A* to B grades to 54% and of A* to C grades to 82%. All but two of the 32 A-Level subjects achieved 100% pass rates (only 2 U grades out of 356 entries!), 9 subjects with all grades at C or above. Over 21% of grades were A* or A. Also impressive was the very narrow gap in performance between boys and girls – average points score per candidate: male 858, female 864. Students are now in their first term at university – Cambridge, other Russell Group universities, medical school, engineering and many more top courses. Churchill remains the A Level destination of choice for ambitious students in the area.

Equally impressive were the GCSE results – there was an increase in the proportion of students gaining five or more GCSEs at C grade or above including English and Maths to 64% and the overall figure for five or more C grades or above hit the school's all-time high of 83%. In a year of controversy over results, Churchill can be proud of its students, grateful to the staff and join with parents in celebrating these very good results. Five students achieved 11 A* grades each and two achieved 10 A*s each with many, many others gaining the grades they required for their A Level courses. The GCSE results are a great platform for these young people's futures and many will be returning to Churchill's Sixth Form.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In period under review £517,617 was carried forward representing 6.5% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012 were 1,573.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012 this was 78.3%.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period ended 31 August 2012, the Academy received total income of £25,308,082, which consisted of £16,378,871 of assets and cash transferred on conversion, £8,012,090 of recurrent grant funding from the DfE and £917,121 of other incoming resources.

At 31 August 2012 the net book value of fixed assets was £17,799,248 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land and buildings were transferred to the Academy upon conversion from its previous status as a Foundation School. Land and buildings were professionally valued on 31 August 2012 at £17,724,782. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share of £113,910 was transferred across on conversion and is shown as unrestricted funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the period include the Purchasing Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Governors appointed John Rogers as its Responsible Officer, an ex-Governor who is not a member of the Finance Committee, to provide feedback to Governors on the outcome of the RO checks which were undertaken by our Accountants, Bishop Fleming. During the year, the Governors received the initial reports from the Responsible Officer which contained no matters of significance.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Register and a Risk Management Plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Whilst the Academy is a popular choice for parents, the forthcoming Y7 intakes are lower than previous years due to lower numbers within the Primary Schools, therefore revenue funding will be reduced accordingly. However, appropriate budget forecasting has taken this into account. Governors are aware that the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 96.7% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Reserves Policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

The Governors have determined that the appropriate level of free cash reserves should be approximately £100k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance [alternative reasons might be relevant eg fall in pupil numbers resulting in losing a classroom but not wanting to lose a teacher, a rise in pupil numbers meaning not enough funding to teach the pupils etc]. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £115,090.

Investment Policy

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Business Manager within strict guidelines approved by the Governing Body.

PLANS FOR FUTURE PERIODS

Following the notification of a successful maintenance from bid (circa £992k), the Academy will commence works relating to this in the new academic year. The funding is to provide essential maintenance to various parts of the Academies building stock. This includes the following:

- Replacement windows in Hanover block
- Major repairs to flat roof in Windsor and Hanover blocks
- Replacement fascias in Windsor and Hanover blocks
- Upgrade of Fire Alarm system cabling (including emergency lighting)
- Upgrade of mains electrical distribution to balance the electrical load across site
- Replacement boilers

The projects are due for completion in March 2013.

The Academy has also engaged with an Architect to provide a site master plan to enable a strategic approach for major site development. Whilst the capital investment has yet to be realised, this strategic site plan has positioned the Academy in a strong place as and when any capital funding announcements are made by the Department for Education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Governors do not act as the Custodian Trustees of any other Charity.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

AUDITORS

In so far as the Governors are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

This report was approved by order of the members of the Governing Body on 4 December 2012 and signed on its behalf by



**Mr I Poole
Chair**

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Churchill 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
S Arlidge, Parent Governor	3	4
E Burd, Parent Governor	3	4
S Chapman, Parent Governor	4	4
T Colquhoun, Staff Governor	2	2
J Davey, Staff Governor	4	4
R Hawes	4	4
A Hayne, Staff Governor	4	4
P Hemming	3	4
J Hutson	4	4
L Malik	2	2
A Owen	3	4
A Parker, Parent Governor	2	3
I Poole, Parent Governor	4	4
R Thompson, Staff Governor	1	2
P Todd	4	4
B Wratten, Headteacher	4	4
R Bowers	4	4
M Charlton	1	2
D Hendzel, Parent Governor	1	1
M Kearley	0	2
R Sturge	0	0
J Rogers	0	0

The Finance and Premises Committee is a sub-committee of the main Governing Body. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, to ensure compliance with reporting and regulatory requirements, to receive reports from the Responsible Officer and draft the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Health and Safety, site and premises are also within the remit of this committee.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
A Parker	3	3
A Hayne	4	4
B Wratten	4	4
I Poole	4	4
R Bowers	4	4
R Hawes	4	4
T Colquhoun	1	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 Churchill 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 John Rogers, 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 quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the 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 4 December 2012 and signed on their behalf, by



Mr I Poole
Chair



Dr B Wratten
Accounting Officer

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



**B Wratten, Headteacher
Accounting Officer**

Date 4 December 2012

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors (who act as trustees for charitable activities of Churchill 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,
- 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 and signed on its behalf by



Mr I Poole
Chair

Date 4 December 2012

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHURCHILL ACADEMY

We have audited the financial statements of Churchill 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHURCHILL ACADEMY

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



Matthew Lee FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date

17/12/12

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHURCHILL
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 November 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 Churchill Academy during the period 29 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 Churchill Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Churchill 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 Churchill Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CHURCHILL ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT'S**

The Accounting Officer is responsible, under the requirements of Churchill Academy's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook as published by DfE 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 29 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.

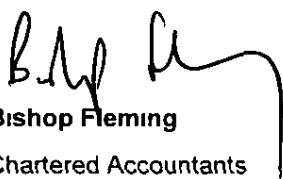
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHURCHILL
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 29 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



Bishop Fleming

Chartered Accountants
16 Queen Square
Bristol
BS1 4NT

Date 17/12/12

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Transfer on conversion from Local Authority	3	113,910	(1,632,000)	17,896,961	16,378,871
Other voluntary income	3	289	31,566	445,018	476,873
Activities for generating funds	4	25,411	-	-	25,411
Investment income	5	1,180	-	-	1,180
Incoming resources from charitable activities	6	43,037	8,382,710	-	8,425,747
TOTAL INCOMING RESOURCES		183,827	6,782,276	18,341,979	25,308,082
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising expenses and other costs		25,411	-	-	25,411
Charitable activities	7	43,326	7,897,327	405,861	8,346,514
Governance costs	10	-	14,664	-	14,664
TOTAL RESOURCES EXPENDED	11	68,737	7,911,991	405,861	8,386,589
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		115,090	(1,129,715)	17,936,118	16,921,493
Transfers between Funds	20	-	(28,360)	28,360	-
NET INCOME FOR THE YEAR		115,090	(1,158,075)	17,964,478	16,921,493
Actuarial gains and losses on defined benefit pension schemes		-	(193,000)	-	(193,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		115,090	(1,351,075)	17,964,478	16,728,493
Total funds at 29 June 2011		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		115,090	(1,351,075)	17,964,478	16,728,493

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

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

The notes on pages 25 to 42 form part of these financial statements

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER 07687722**

**BALANCE SHEET
AS AT 31 AUGUST 2012**

	Note	£	2012 £
FIXED ASSETS			
Tangible assets	16		17,799,248
CURRENT ASSETS			
Debtors	17	107,410	
Cash at bank and in hand		1,047,112	
		<u>1,154,522</u>	
CREDITORS: amounts falling due within one year	18	(312,548)	
NET CURRENT ASSETS			<u>841,974</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,641,222</u>
CREDITORS: amounts falling due after more than one year	19		(13,729)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>18,627,493</u>
Defined benefit pension scheme liability	26		(1,899,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>16,728,493</u>
FUNDS OF THE ACADEMY			
Restricted funds			
General funds	20	547,925	
Fixed asset funds	20	17,964,478	
		<u>18,512,403</u>	
Restricted funds excluding pension liability			
Pension reserve		(1,899,000)	
		<u>16,613,403</u>	
Total restricted funds			16,613,403
Unrestricted funds	20		115,090
TOTAL FUNDS			<u>16,728,493</u>

The financial statements were approved by the Governors, and authorised for issue, on 4 December 2012 and are signed on their behalf, by



Mr I Poole, Chair

The notes on pages 25 to 42 form part of these financial statements

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	2012 £
Net cash flow from operating activities	22	740,604
Returns on investments and servicing of finance	23	(294)
Capital expenditure and financial investment	23	110,754
Cash transferred on conversion to an academy trust	25	209,777
CASH INFLOW BEFORE FINANCING		1,060,841
Financing	23	(13,729)
INCREASE IN CASH IN THE PERIOD		1,047,112

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

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

	2012 £
Increase in cash in the period	1,047,112
Cash outflow from decrease in debt and lease financing	13,729
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	1,060,841
Loans transferred on conversion	(41,186)
MOVEMENT IN NET FUNDS IN THE PERIOD	1,019,655
NET FUNDS AT 31 AUGUST 2012	1,019,655

The notes on pages 25 to 42 form part of these financial statements

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2011/12 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 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.

1.3 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 for Education.

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

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 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.

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

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.

**CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

1 ACCOUNTING POLICIES (continued)

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.

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

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

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.

1.6 GOING CONCERN

The Academy has considerable reliance on continued Government funding through the EFA. Although there is no assurance that Government funding will continue at its current level for the period covered by the going concern review, the Governors have a reasonable expectation that the Academy will have adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

1.7 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's depreciation policy.

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
Plant and machinery	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.8 OPERATING LEASES

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

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

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 26, 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 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 Churchill Community Foundation School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

2 GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and Carry Forward for the Year	
GAG Allocation for current year	8,012,890
Total GAG Available to spend	<u>8,012,890</u>
Recurrent expenditure from GAG	(7,466,913)
Fixed assets purchased from GAG	(28,360)
GAG Carried forward to next year	<u>517,617</u>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(888,779)
GAG to surrender to DfE	<u>(371,162)</u>
(12% rule breached if result is positive)	<u>No breach</u>

The maximum GAG carried forward is based on 12 months to 31 August 2012, however the results for the period include the full 13 month accounting period. The results during the period have been considered and no breach has been identified.

3 VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Transfer on conversion from Local Authority	113,910	16,264,961	16,378,871
Donations	289	1,258	1,547
Government grants	-	475,326	475,326
Subtotal	<u>289</u>	<u>476,584</u>	<u>476,873</u>
Voluntary income	<u>114,199</u>	<u>16,741,545</u>	<u>16,855,744</u>

4 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings and hire	11,926	-	11,926
Income for school productions	13,485	-	13,485
	<u>25,411</u>	<u>-</u>	<u>25,411</u>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

5 INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	1,180	-	1,180

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	43,037	8,382,710	8,425,747

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
DfE/EFA revenue grant			
General Annual Grant	-	8,012,890	8,012,890
Start up Grants	-	25,000	25,000
Other DfE/EFA grants	-	123,327	123,327
	-	8,161,217	8,161,217
Other government grants			
Special Educational Needs	-	119,315	119,315
Other government grants non capital	-	70,145	70,145
	-	189,460	189,460
Other funding			
Income for hosting trainee teachers	7,480	31,200	38,680
Sales to students	10,775	-	10,775
Music tuition and other income	24,782	833	25,615
	43,037	32,033	75,070
	43,037	8,382,710	8,425,747

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

7 EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	<u>43,326</u>	<u>8,303,188</u>	<u>8,346,514</u>

8 DIRECT COSTS

	Education £
Pension finance costs	85,000
Educational supplies	269,356
Examination fees	146,693
Staff development	23,314
Other costs	25,614
Supply teachers	125,026
Wages and salaries	4,183,886
National insurance	333,345
Pension cost	573,974
Depreciation	405,861
	<u>6,172,069</u>

9 SUPPORT COSTS

	Education £
Other costs	16,189
Recruitment and other staff costs	1,131
Maintenance of premises and equipment	283,593
Cleaning	143,549
Rent and rates	34,869
Heat and light	223,349
Insurance	81,552
Security and transport	13,842
Catering	24,508
Technology costs	3,715
Office overheads and publicity	73,896
Legal and professional	87,407
Bank interest and charges	1,672
Wages and salaries	934,820
National insurance	58,620
Pension cost	191,733
	<u>2,174,445</u>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

10. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	6,500	6,500
Auditors' non audit costs	-	2,700	2,700
Legal and Professional	-	3,569	3,569
Governance expense	-	1,895	1,895
	-	14,664	14,664

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Fundraising expenses	-	-	25,411	25,411
COSTS OF GENERATING FUNDS	-	-	25,411	25,411
Education	6,276,378	405,861	1,664,275	8,346,514
Governance	-	-	14,664	14,664
	6,276,378	405,861	1,704,350	8,386,589

12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2012 £
Depreciation of tangible fixed assets - owned by the charity	405,861
Auditors' remuneration	6,500
Auditors' remuneration - non-audit	2,700

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

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

13 STAFF COSTS

Staff costs were as follows

	2012 £
Wages and salaries	5,118,706
Social security costs	391,965
Other pension costs	765,707
	<u>6,276,378</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	84
Admin and support	55
Management	9
	<u>148</u>

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

	2012 No
In the band £60,001 - £70,000	2
In the band £90,001 - £100,000	1
	<u>3</u>

The three employees above participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £31,582 per annum

14 GOVERNORS' REMUNERATION

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows: Dr B Wratten £95,000-100,000, A Hayne £35,000-40,000, J Davey £40,000-45,000, T Colquhoun £45,000-50,000, R Thompson £15,000-20,000 and M Charlton £10,000-15,000. During the period, pension contributions in relation to these employees amounted to £35,385.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

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 £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was included in the total insurance cost.

16. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 29 June 2011	-	-	-	-	-
Additions	281,234	11,114	5,786	36,130	334,264
Transfer on conversion	17,780,203	4,266	2,854	83,522	17,870,845
At 31 August 2012	18,061,437	15,380	8,640	119,652	18,205,109
DEPRECIATION					
At 29 June 2011	-	-	-	-	-
Charge for the period	336,655	4,220	3,012	61,974	405,861
At 31 August 2012	336,655	4,220	3,012	61,974	405,861
NET BOOK VALUE					
At 31 August 2012	17,724,782	11,160	5,628	57,678	17,799,248

Included in land and buildings is freehold land at valuation of £2,501,908 which is not depreciated.

17. DEBTORS

	2012 £
Trade debtors	42
Prepayments and accrued income	74,617
Tax recoverable	32,751
	<u>107,410</u>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

18 CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £
Other loans	13,728
Trade creditors	(397)
Other creditors	273,613
Accruals and deferred income	25,604
	<u>312,548</u>

19. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £
Other loans	13,729

The loan was transferred on conversion and is unsecured

20 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	183,827	(68,737)	-	-	115,090
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	8,012,890	(7,466,913)	(28,360)	-	517,617
Special needs funding	-	119,315	(119,315)	-	-	-
Donations	-	1,258	(1,258)	-	-	-
Pupil premium	-	87,578	(87,578)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Devolved formula capital	-	30,308	-	-	-	30,308
Other restricted income	-	137,927	(137,927)	-	-	-
Pension reserve	-	(1,632,000)	(74,000)	-	(193,000)	(1,899,000)
	<u>-</u>	<u>6,782,276</u>	<u>(7,911,991)</u>	<u>(28,360)</u>	<u>(193,000)</u>	<u>(1,351,075)</u>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

20 STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	-	17,870,845	(384,815)	-	-	17,486,030
Fixed assets purchased from GAG and other restricted funds	-	-	(1,817)	28,360	-	26,543
DfE/EFA Capital grants	-	471,134	(19,229)	-	-	451,905
	-	18,341,979	(405,861)	28,360	-	17,964,478
Total restricted funds	-	25,124,255	(8,317,852)	-	(193,000)	16,613,403
Total of funds	-	25,308,082	(8,386,589)	-	(193,000)	16,728,493

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the YPLA / Education Funding Agency (EFA) during the period in order to fund the continuing activities of the Academy

Special needs funding is received from the EFA to cater for pupils with learning difficulties and other disabilities

Donations represents restricted voluntary income

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils

The Start up grant is funding from the Department for Education to cover costs in converting to an academy such as, obtaining legal advice, costs of software licence transfers, HR/TUPE advice, re-branding costs and expenses incurred in setting up the Academy

Devolved formula capital represents unspent funds received from the DfE/EFA

Other restricted funds represent amounts received from North Somerset Council and other sources and includes income under the following initiatives, 16-18 Bursary, Teacher Pay Grants, SSCO, AST, Golden Hello, Transistion, One to One and Graduate Teacher Training

The pension reserve represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years

FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from North Somerset Council on conversion to an academy

Fixed assets purchased from GAG and unrestricted funds represent amounts spent on fixed assets from

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

20 STATEMENT OF FUNDS (continued)

the GAG funding received from the YPLA / EFA

DfE/EFA Capital grants include Demographic Growth Capital and devolved capital funding which have been spent on capital items. Also included here is unspent funds received from the Academies Capital Maintenance Fund of £165,230

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	183,827	(68,737)	-	-	115,090
Restricted funds	-	6,782,276	(7,911,991)	(28,360)	(193,000)	(1,351,075)
Restricted fixed asset funds	-	18,341,979	(405,861)	28,360	-	17,964,478
	-	25,308,082	(8,386,589)	-	(193,000)	16,728,493

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	17,799,248	17,799,248
Current assets	213,023	776,269	165,230	1,154,522
Creditors due within one year	(84,204)	(228,344)	-	(312,548)
Creditors due in more than one year	(13,729)	-	-	(13,729)
Provisions for liabilities and charges	-	(1,899,000)	-	(1,899,000)
	115,090	(1,351,075)	17,964,478	16,728,493

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £
Net incoming resources	16,921,493
Returns on investments and servicing of finance	294
Net assets transferred on conversion	(16,378,871)
Depreciation of tangible fixed assets	405,861
Capital grants from DfE	(445,018)
Increase in debtors	(86,233)
Increase in creditors	249,078
Defined benefit pension scheme adjustments	74,000
NET CASH INFLOW FROM OPERATIONS	740,604

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	1,180
Interest paid	(1,474)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(294)</u>
	2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(334,264)
Capital grants from DfE	445,018
NET CASH INFLOW FROM CAPITAL EXPENDITURE	<u>110,754</u>
	2012 £
FINANCING	
Repayment of loans	<u>(13,729)</u>

24 ANALYSIS OF CHANGES IN NET FUNDS

	29 June 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	1,047,112	-	1,047,112
DEBT				
Debts due within one year	-	13,729	(27,457)	(13,728)
Debts falling due after more than one year	-	-	(13,729)	(13,729)
NET FUNDS	<u>-</u>	<u>1,060,841</u>	<u>(41,186)</u>	<u>1,019,655</u>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

25 CONVERSION TO AN ACADEMY TRUST

On 1 August 2011 Churchill Community Foundation School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Churchill Academy from North Somerset Council for £NIL consideration

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	17,780,203	17,780,203
- Other tangible fixed assets	-	-	90,642	90,642
Budget surplus/(deficit) on LA funds	171,736	-	26,116	197,852
Budget surplus/(deficit) on other school funds	11,925	-	-	11,925
LGPS pension surplus/(deficit)	-	(1,632,000)	-	(1,632,000)
Borrowing obligations	(41,186)	-	-	(41,186)
Other identified assets and liabilities	(28,565)	-	-	(28,565)
Net assets/(liabilities)	113,910	(1,632,000)	17,896,961	16,378,871

The above net assets include £209,777 that was transferred as cash

Land and buildings have been included in the accounts at an estimation of their value at the date of conversion. In determining this value the Governors have referred to the valuation of land and buildings provided by the EFA as at 31 August 2012 which was performed using the Depreciated Replacement Cost method.

26 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 Bath and North East Somerset 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.

Pension contributions of £90,888 were outstanding at the Balance sheet date.

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

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

26. PENSION COMMITMENTS (continued)

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%.

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.

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

26 PENSION COMMITMENTS (continued)

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 £321,000, of which employer's contributions totalled £243,000. The agreed contribution rate for future years are 13 % for employers and 5.5% to 7.5% for employees.

As described in note 25 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	(3,149,000)
Fair value of scheme assets	1,250,000
	<hr/>
Net liability	(1,899,000)
	<hr/>

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

	2012 £
Current service cost	(225,000)
Interest on obligation	(154,000)
Expected return on scheme assets	69,000
Gains on curtailments and settlements	(7,000)
	<hr/>
Total	(317,000)
	<hr/>

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

	2012 £
Current service cost	225,000
Interest cost	154,000
Contributions by scheme participants	78,000
Actuarial losses	166,000
Losses on curtailments	7,000
Benefits paid	(43,000)
Liability transferred on conversion	2,562,000
	<hr/>
Closing defined benefit obligation	3,149,000
	<hr/>

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

26 PENSION COMMITMENTS (continued)

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

	2012 £
Expected return on assets	69,000
Actuarial (losses)	(27,000)
Contributions by employer	243,000
Contributions by employees	78,000
Benefits paid	(43,000)
Asset transferred on conversion	930,000
	<u>1,250,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a loss of £193,000

The Academy expects to contribute £220,000 to its Defined benefit pension scheme in 2013

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

	2012
Equities	58.50 %
Bonds	24.50 %
Property	7.40 %
Cash	1.80 %
Other	7.80 %

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

	2012
Discount rate for scheme liabilities	4.30 %
Expected return on scheme assets at 31 August	2.20 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %

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

	2012
Retiring today	
Males	22.8 years
Females	25.7 years
Retiring in 20 years	
Males	25.1 years
Females	28.1 years

CHURCHILL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

26 PENSION COMMITMENTS (continued)

Experience adjustments for the current period are as follows

	2012 £
Defined benefit obligation	(3,149,000)
Scheme assets	1,250,000
Deficit	<u>(1,899,000)</u>
Experience adjustments on scheme liabilities	(166,000)
Experience adjustments on scheme assets	<u>(27,000)</u>

27 OPERATING LEASE COMMITMENTS

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

	2012 £
EXPIRY DATE	
Between 2 and 5 years	<u>42,824</u>

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 organisation, it is likely 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.

No such transactions have occurred during the period.

29 CONTROLLING PARTY

The company is under the joint control of the Governors. There is no ultimate controlling party.