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HOLYWELL CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

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**Annual Report and Financial Statements**

**Period ended 31 August 2013**

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24/02/2014

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COMPANIES HOUSE

Company Registration Number  
08224216 (England and Wales)

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HOLYWELL CHURCH OF ENGLAND ACADEMY

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**Reference and administrative details**

Governors	Mrs E Cook Mr J Billington Mr P Haddon Mr P Moffatt Miss S Cartwright Mrs L Jenkins Rev H Symes-Thompson Mr S Apted Mr J Spelman Mrs J Ackroyd Mr M Sanders Mrs I Turner Mrs P Kendall
Senior management team	Mr P Haddon Mr D Hall Miss C McMaster Mrs C Dinner
Registered Office	Red Lion Close, Cranfield, Bedford, Bedfordshire, MK43 0JA
Company Registration Number	08224216
Auditors	Duncan & Toplis Louth Lincolnshire LN11 0LJ
Bankers	Lloyds TSB 1 City Road East Manchester M15 4PU
Solicitors	Lee Bolton Monier – Williams 1 The Sanctuary Westminster London SW1P 3JT

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## HOLYWELL CHURCH OF ENGLAND ACADEMY

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### **Trustees'/ Governors' Report**

The Governors present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2013

### **Structure, Governance and Management**

#### Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The governors act as the governors for the charitable activities of Holywell Church of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Holywell Church of England Academy.

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

#### Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the 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.

#### Trustees'/ Governors' Indemnities

A full insurance indemnity is taken out with the Zurich insurance company. Each member has cover of £1,000,000 against financial loss arising from negligent act, accidental error or omission in the course of official duties. This is reviewed annually against potential risk.

#### Principal Activities

The principal activity of the Academy is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

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The characteristics of the Academy set down in Section 1(6) of the Academies Act 2010 are

- The school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum)
- The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated

### Method of Recruitment and Appointment or Election of Trustees / Governors

The Articles outline the different types of Governor, each category has slightly differing election processes, as outlined below

The Members may appoint no less than 11 Governors with no maximum, but the total number of Governors who are appointed by the two parishes must be in the majority

- The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head Teacher or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected
- Foundation Governors in office appoint foundation governors to any foundation governor's vacancies
- Up to 3 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor can continue for the remaining elected term after he ceases to be the parent of a registered pupil but such a governor would not be eligible to stand for re-election
- Up to 3 Staff Governors shall be elected by a ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Head Teacher). If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot
- The Governors may appoint up to 2 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail

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### Policies and Procedures Adopted for the Induction and Training of Trustees / Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and students.

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 Governor. As there are normally few new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

### Organisational Structure

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Body) and the Head Teacher leading the Senior Leadership Team, which includes Deputy Head Teacher and the School Business Manager.

An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the School nurtures the talents of its entire staff to support continual improvement and excellence.

The Governing Body is responsible for setting the School's policies, adopting the School Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the School including its curriculum, the achievement and welfare of students and staffing.

The Head Master and Senior Leadership Team control the School at an executive level, implementing the policies set by the Governing Body and reporting back to them.

The Governing Body has established three sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the Head Teacher (The Accounting Officer) and to the Senior Leadership Team.

The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Body annually. The Academy has an approved Financial Handbook which details the School's authorised spending limits.

The sub-committees of the Governing Body are

- Academy Business Committee
- Curriculum Committee
- Ethos Committee

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### Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

### Connected Organisations, including Related Party Relationships

The Academy is not part of any wider network although it works closely with its feeder lower schools, local middle schools and the upper school within the Wootton family of schools.

### **Objectives and Activities**

#### Objects and Aims

The principal object and activity of the charitable company is the operation of Holywell Church Of England Academy to provide education for pupils of different abilities between the ages of 10 and 13.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Academy, and that the curriculum should comply with the substance of the national curriculum.

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The main objectives of The Academy during the period ended 31 August 2013 are summarised below

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of The Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements, and
- to conduct Academy business in accordance with the highest standards of integrity, probity and openness
- We aim to be an educational community whose members are
- safe and happy in a caring environment which nurtures confidence and creates positive memories
- inspired and celebrate creativity, flair, imagination, innovation which motivates, challenges and encourages aspiration
- confident, eager and responsible citizens who respect themselves, each other and the environment
- all valued as individuals in a school that is inclusive, celebrates diversity, provides equality of opportunity and treats all with fairness

### Objectives, Strategies and Activities

The main objectives during the year were

- 1 Ensuring that the quality of teaching moves from overall good to outstanding – ( to minimise presence of satisfactory lessons, increase number of outstanding lessons )  
This will be achieved by,
- 2 Ensure that lesson planning and programmes of study clearly reflect our knowledge of pupil attainment and baseline data and present good levels of challenge
- 3 Extending good Assessment practice such that formative feedback and guidance on next steps for future progress becomes a strength of the school
- 4 Raising the level of challenge and expectation across the school for year 8
- 5 Building the effective support activities for the ethos of the school, notably in relation to
  - i Behaviour
  - ii Praise
  - iii Acts of worship
  - iv Values based education
  - v Working with other schools



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### Public Benefit

The Governors confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "*Charities and Public Benefit*"

The Academy's public benefit is enshrined in its charitable objects, which state the charity exists to advance for the public benefit education in the villages of Cranfield & Wootton and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum

### **Achievements and Performance**

The Academies' KS2 attainment levels at May 2013 were ahead of national in core subjects areas at each level. The Ofsted dashboard has a number of judgements last year which places the school in the top 40% of schools

#### **KS2 results**

	Level 3 %	Level 4 %	Level 5 %	Level 6 %
English	99	90	47	1
Reading	99	93	45	
Writing	99	89	37	
Maths	99	87	43	12

The Academy continues to provide a broad range of activities to enhance the curriculum including "The Widening Horizons Day", residential trips to Osmington and Swanage

There have been several assemblies delivered by a number of guest speakers throughout the year. The values education programme continues to be well received and supported by parents and pupils alike

The PE department works with the Redbourne Sports partnership to deliver sports programmes to our key partner lower schools, using Year 8 sports leaders to help deliver coaching as well as refereeing events. Sports teams continue to take part in inter school sports competitions throughout the year

### Key Performance Indicators

The budget for the period 1 October 2012 to 31 August 2013 forecast a revenue surplus of £100,899. Staffing costs were budgeted at 70% of total income and actual costs were 73%. Premises costs were budgeted at 7% and final expenditure was 6%. Other supplies and services were budgeted at 15% and final costs were 16%.

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### 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 note of the financial statements.

### **Financial Review**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, the Academy received total funding of £2,155,073 compared to total resources expended of £1,959,902 to give a surplus for the year of £195,171.

Taking into account the surplus inherited from the former local authority school, the Academy has £150,537 in accumulated reserves and carried forwards before the addition of the restricted fixed asset fund and pension reserve.

The Statement of Financial Activities shows a surplus of £3,469,632 which includes a surplus generated on conversion of £3,274,461.

### Financial and Risk Management Objectives and Policies

The Academy has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the Academy.

### Principal Risks and Uncertainties

The Academy's Business Committee undertakes a comprehensive review of the risks to which the Academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

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A thorough appraisal will be undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy.

A risk register, covering low, medium and high level risks, is maintained at Academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

The Academy's approach to risk management is supported by a risk management training programme which raises awareness of risk throughout the Academy.

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

### 1 Government funding

The Academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies,
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding,
- Contingency planning embedded into the Academy budget process

### 2 Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17.

The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

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### Governance Statement

#### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Holywell Church of England 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 Mr P Haddon, 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 Holywell Church Of England 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 Governing Body operates three sub committees

- The Academy Business Committee
- The Curriculum Committee
- The Ethos Committee

The information on governance included here supplements that described in the Trustees' / Governors' Report and in the Statement of Trustees' / Governors' responsibilities. The **governing body** formally met five times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor		Meetings Attended	Out of a possible
Mrs E Cook	Chair of Governors	5	5
Mr P Moffat	Vice Chair of Governors	3	5
Mr P Haddon	Head Teacher	5	5
Rev H Symes-Thompson	Incumbent	5	5
Mrs J Ackroyd		4	5
Mr S Apted		5	5
Mr J Billington		5	5
Miss S Cartwright		5	5
Mrs L Jenkins		4	5
P Kendall		4	5
Mr P Rossiter		4	5
Mr M Sanders		5	5
Mr J Spelman		5	5
Mrs I Turner		5	5

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**Plans for Future Periods**

The school is seeking to exploit the opportunities afforded by conversion to Academy status Initially by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the school estate

The school is negotiating significant funding from the Local Authority to improve facilities and to enable it to expand provision in line with local housing needs to ensure the school remains at the heart of education provision of the local community

**Auditor**

In so far as the Governors are aware

- there is no relevant information of which the charitable company's auditor is 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 auditor is aware of that information

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting

Approved by order of the members of the Governing Body on 10 December 2013 and signed on its behalf by



Mrs E Cook  
Chair

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Mr P Haddon	Head Teacher	5	5
Rev H Symes-Thompson	Incumbent	5	5
Mrs J Ackroyd		4	5
Mr S Apted		5	5
Mr J Billington		5	5
Miss S Cartwright		5	5
Mrs L Jenkins		4	5
P Kendall		4	5
Mr P Rossiter		4	5
Mr M Sanders		5	5
Mr J Spelman		5	5
Mrs I Turner		5	5

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## HOLYWELL CHURCH OF ENGLAND ACADEMY

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The Academy Business Committee is a sub-committee of the main Board of Governors. The main responsibilities of the Committee are detailed in written Terms of Reference which are authorised and approved by the Governing Body annually. The main financial responsibilities include

- coordinating the planning and budgeting processes,
- the regular monitoring of management accounts,
- interacting with all other committees, to advise on the appropriate means by which their requirements which have budget implications can best be met,
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies,
- authorising the award of contracts over £25,000,
- authorising changes to the School personnel establishment,
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holywell Church Of England Academy for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

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### **Capacity to Handle Risk**

The Board of Governors has reviewed the key risks to which the Academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the period 1 October 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

### **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 Academy Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed Duncan and Toplis (Boston office) to act as responsible officer.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy trust's financial systems.

On a quarterly basis, the RO reports to the Academy Business Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.



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**Review of Effectiveness**

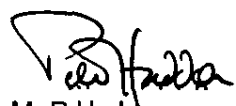
As accounting officer the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the responsible officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the School Business Manager who has 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 Academy Business Committee and a plan to ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 10 December 2013 and signed on its behalf by

  
Mrs E Cook  
Chair

  
Mr P Haddon  
Accounting Officer

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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 Board of Governors on 10 December 2013 and signed on its behalf by

.....  
  
**Mrs E Cook**  
**Chair**

10 December 2013

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**Review of Effectiveness**

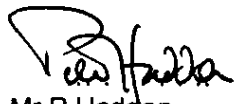
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Mrs E Cook  
Chair

  
Mr P Haddon  
Accounting Officer

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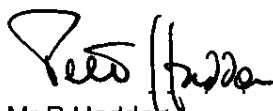
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**Statement on Regularity, Propriety and Compliance**

As accounting officer of Holywell Church of England Academy I have considered my responsibility to notify the Academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mr P Haddon  
Accounting Officer

10 December 2013

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## HOLYWELL CHURCH OF ENGLAND ACADEMY

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### **Statement of Trustees' / Governors' Responsibilities**

The Governors (who act as governors of Holywell Church of England Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' / Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The 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.

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**Mrs E Cook**  
**Chair**

10 December 2013

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYWELL CHURCH OF ENGLAND ACADEMY**

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We have audited the financial statements of Holywell Church of England Academy for the period ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 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 2013 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 Academies Accounts Direction 2013 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.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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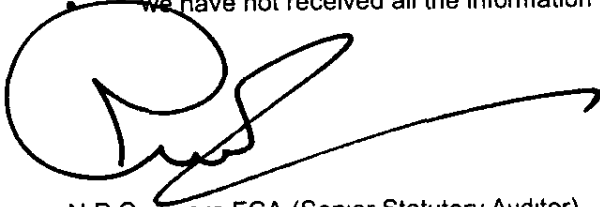
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLYWELL CHURCH OF ENGLAND  
ACADEMY**

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

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

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



N P Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

**Duncan and Toplis**

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

LN11 0LJ

Date

18<sup>th</sup> December 2013



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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL  
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 11 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holywell Church of England Academy during the period 21 September 2012 to 31 August 2013 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 Holywell Church of England Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holywell Church of England 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 Holywell Church of England Academy and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF HOLYWELL CHURCH OF ENGLAND ACADEMY'S ACCOUNTING  
OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Holywell Church of England Academy's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 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 2013. 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 21 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 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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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOLYWELL  
CHURCH OF ENGLAND 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 21 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



N P Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

**Duncan and Toplis**

Chartered Accountants and Statutory Auditors

15 Chequergate  
Louth  
LN11 0LJ

Date

18<sup>th</sup> December 2013

**HOLYWELL CHURCH OF ENGLAND 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 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	2	44,812	-	9,000	53,812
Transfer from predecessor school	27	154,461	(225,000)	3,345,000	3,274,461
Activities for generating funds	3,4	14,415	-	1,750	16,165
Investment income	5	374	-	-	374
Funding for the Academy's educational operations	6	-	1,930,683	154,039	2,084,722
<b>TOTAL INCOMING RESOURCES</b>		<b>214,062</b>	<b>1,705,683</b>	<b>3,509,789</b>	<b>5,429,534</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Fundraising expenses and other costs	4	3,944	-	-	3,944
Funding for Academy trust's educational operations		59,581	1,804,455	63,768	1,927,804
Governance costs	9	-	28,154	-	28,154
<b>TOTAL RESOURCES EXPENDED</b>	12	<b>63,525</b>	<b>1,832,609</b>	<b>63,768</b>	<b>1,959,902</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>150,537</b>	<b>(126,926)</b>	<b>3,446,021</b>	<b>3,469,632</b>
Transfers between Funds	22	-	(51,105)	51,105	-
<b>NET INCOME FOR THE YEAR</b>		<b>150,537</b>	<b>(178,031)</b>	<b>3,497,126</b>	<b>3,469,632</b>
Actuarial gains and losses on defined benefit pension schemes		-	(73,000)	-	(73,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>150,537</b>	<b>(251,031)</b>	<b>3,497,126</b>	<b>3,396,632</b>
<i>Total funds at 21 September 2012</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>150,537</b>	<b>(251,031)</b>	<b>3,497,126</b>	<b>3,396,632</b>

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 26 to 50 form part of these financial statements

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER 08224216**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	19		3,410,998
<b>CURRENT ASSETS</b>			
Debtors	20	99,867	
Cash at bank and in hand		232,140	
		<u>332,007</u>	
<b>CREDITORS</b> amounts falling due within one year	21	<u>(69,373)</u>	
<b>NET CURRENT ASSETS</b>			<u>262,634</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,673,632</u>
Defined benefit pension scheme liability	30		<u>(277,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>3,396,632</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
Restricted funds	22	25,969	
Restricted fixed asset funds	22	3,497,126	
		<u>3,523,095</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(277,000)</u>	
Total restricted funds			<u>3,246,095</u>
Unrestricted funds	22		<u>150,537</u>
<b>TOTAL FUNDS</b>			<u><u>3,396,632</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 10 December 2013 and are signed on their behalf, by

  
**Mrs E Cook, Chair**  
**Chair of Trustees**

The notes on pages 26 to 50 form part of these financial statements

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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	Note	Period ended 31 August 2013 £
Net cash flow from operating activities	24	53,033
Returns on investments and servicing of finance	25	374
Capital expenditure and financial investment	25	24,273
Cash transferred on conversion to an academy trust	27	154,460
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>232,140</b>

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 2013**

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	Period ended 31 August 2013 £
Increase in cash in the period	232,140
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>232,140</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>232,140</b>

The notes on pages 26 to 50 form part of these financial statements

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, 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 2013 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.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

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

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

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

Sponsorship income 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 and it is measurable.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**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.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

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

**1.7 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.

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.



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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES (continued)**

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:

Improvements to property	- over 50 years straight line
Motor vehicles	- over 4 years straight line
Fixtures and fittings	- over 4 years straight line
Computer equipment	- over 3 years straight line

**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.

**1.9 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 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 30, 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.

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1 ACCOUNTING POLICIES (continued)**

**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 Holywell Church of England 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 Holywell Church of England 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.

Assets transferred include a cash balance of £154,460. An LGPS pension deficit of £225,000 was recognised on conversion.

Further details of the transaction are set out in note 27.

**2 VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Donations	2,405	9,000	11,405
School fund income	42,407	-	42,407
	<u>44,812</u>	<u>9,000</u>	<u>53,812</u>
Voluntary income	<u>44,812</u>	<u>9,000</u>	<u>53,812</u>

**3 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Lettings income	7,826	-	7,826
Other income	6,589	1,750	8,339
	<u>14,415</u>	<u>1,750</u>	<u>16,165</u>
	<u>14,415</u>	<u>1,750</u>	<u>16,165</u>

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**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**4 TRADING ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>Fundraising trading expenses</b>			
Cost of lettings	326	-	326
Fundraising trading expenses - wages and salaries	3,618	-	3,618
	<u>3,944</u>	<u>-</u>	<u>3,944</u>
Net expenditure from trading activities	<u>(3,944)</u>	<u>-</u>	<u>(3,944)</u>

**5 INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank account interest	374	-	374
	<u>374</u>	<u>-</u>	<u>374</u>

**6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Funding for the Academy's educational operations	-	2,084,722	2,084,722
	<u>-</u>	<u>2,084,722</u>	<u>2,084,722</u>

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	-	1,824,549	1,824,549
Start Up Grant	-	25,000	25,000
Pupil Premium	-	55,373	55,373
Devolved Formula Capital grant	-	12,067	12,067
Capital Maintenance grant	-	141,972	141,972
	-	2,058,961	2,058,961
<b>Other government grants</b>			
SEN 1-1 Funding	-	13,830	13,830
Other Local Authority revenue grants	-	11,931	11,931
	-	25,761	25,761
	-	2,084,722	2,084,722

7

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Transfer on conversion	154,461	3,120,000	3,274,461

**8 EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Funding for the Academy's educational operations	59,581	1,868,223	1,927,804

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**8. EXPENDITURE BY CHARITABLE ACTIVITY (continued)**

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Funding for the Academy's educational operations	<u>1,449,536</u>	<u>63,768</u>	<u>414,500</u>	<u>1,927,804</u>

**9. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	9,000	9,000
Auditors' non audit costs	-	375	375
Legal and professional fees	-	18,779	18,779
	<u>-</u>	<u>28,154</u>	<u>28,154</u>

**10 DIRECT COSTS**

	Educational operations £	Total 2013 £
Educational supplies	94,073	94,073
Technology costs	28,608	28,608
Staff development	16,509	16,509
Educational consultancy	43,074	43,074
Other costs	26,942	26,942
Wages and salaries	1,032,459	1,032,459
National insurance	74,858	74,858
Pension cost	148,253	148,253
Depreciation	63,768	63,768
	<u>1,528,544</u>	<u>1,528,544</u>

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**11 SUPPORT COSTS**

	Educational operations £	Total 2013 £
Other finance income less expense	7,000	7,000
Pupil recruitment and support	2,220	2,220
Maintenance of premises and equipment	68,379	68,379
Cleaning	7,324	7,324
Rent and rates	12,434	12,434
Energy costs	32,072	32,072
Insurance	16,372	16,372
Security	1,165	1,165
Transport	854	854
Telephone, postage and stationery	6,348	6,348
Catering	28,354	28,354
Other costs	22,772	22,772
Wages and salaries	170,465	170,465
National insurance	7,526	7,526
Pension cost	15,975	15,975
	<u>399,260</u>	<u>399,260</u>

**12. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Fundraising expenses	3,618	-	326	3,944
<b>Costs of generating funds</b>	<u>3,618</u>	<u>-</u>	<u>326</u>	<u>3,944</u>
Funding for the Academy's educational operations	1,449,536	63,768	414,500	1,927,804
Governance	-	-	28,154	28,154
	<u>1,453,154</u>	<u>63,768</u>	<u>442,980</u>	<u>1,959,902</u>

**13 ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Funding for the Academy's educational operations	<u>1,528,544</u>	<u>399,260</u>	<u>1,927,804</u>

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HOLYWELL CHURCH OF ENGLAND ACADEMY  
(A company limited by guarantee)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013

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14 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	Period ended 31 August 2013 £
Depreciation of tangible fixed assets - owned by the Academy	63,768
Auditors' remuneration	9,000
Auditors' remuneration - non audit fees	375
	<hr/>

**HOLYWELL CHURCH OF ENGLAND ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STAFF COSTS**

Staff costs were as follows

	Period ended 31 August 2013 £
Wages and salaries	1,195,861
Social security costs	82,385
Other pension costs (Note 30)	164,228
	<u>1,442,474</u>
Supply teacher costs	10,681
	<u>1,453,155</u>

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

	Period ended 31 August 2013 No.
Teachers	21
Admin and support	19
Management	3
	<u>43</u>

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

	Period ended 31 August 2013 No
In the band £70,001 - £80,000	<u>1</u>

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for the members of staff amounted to £10,010.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16 GOVERNORS' REMUNERATION AND EXPENSES**

The Head Teacher and other 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 fell within the following bands:

	Period ended 31 August 2013 £'000
Mr P Haddon, Head Teacher	70-75

During the period, no Governors received any benefits in kind.

During the period ended 31 August 2013, expenses totalling £292 were reimbursed to 1 Governor.

**17 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 £1,000,000 on any one claim and the cost for the period ended 31 August 2013 was £328.

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

**18 OTHER FINANCE INCOME LESS EXPENSE**

	Period ended 31 August 2013 £
Expected return on pension scheme assets	16,000
Interest on pension scheme liabilities	(23,000)
	<hr/> (7,000) <hr/>

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**19 TANGIBLE FIXED ASSETS**

	Land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>				
At 21 September 2012	-	-	-	-
Additions	3,367,848	22,613	62,237	22,068
At 31 August 2013	3,367,848	22,613	62,237	22,068
<b>Depreciation</b>				
At 21 September 2012	-	-	-	-
Charge for the period	61,383	912	67	1,406
At 31 August 2013	61,383	912	67	1,406
<b>Net book value</b>				
At 31 August 2013	3,306,465	21,701	62,170	20,662
				<b>Total £</b>
<b>Cost</b>				
At 21 September 2012				-
Additions				3,474,766
At 31 August 2013				3,474,766
<b>Depreciation</b>				
At 21 September 2012				-
Charge for the period				63,768
At 31 August 2013				63,768
<b>Net book value</b>				
At 31 August 2013				3,410,998

There is no formal lease in place for the Academy's occupation of its premises

Church of England policy is that academies are permitted to use their land under licence. In order to comply with Financial Reporting Standards and to reflect the economic substance over legal form, the Governors have included a notional value of the land and buildings occupied by the Academy

For this purpose a discounted insurance valuation has been used to derive an estimated valuation of £3,345,000 that has been shown as an amount inherited on conversion

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**20 DEBTORS**

	2013
	£
Trade debtors	15
Other debtors	14,832
Prepayments and accrued income	14,034
Grants Receivable	70,986
	<hr/>
	99,867
	<hr/>

**21 CREDITORS**

**Amounts falling due within one year**

	2013
	£
Trade creditors	39
Accruals and deferred income	69,334
	<hr/>
	69,373
	<hr/>
	£
<b>Deferred income</b>	
Resources deferred during the year	19,247
	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22 STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Other income not for capital purposes	-	214,062	(63,525)	-	-	150,537
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,824,549	(1,741,630)	(63,171)	-	19,748
Start up Grant	-	25,000	(18,779)	-	-	6,221
Other Government grants	-	25,761	(25,761)	-	-	-
Other DfE/EFA grants	-	55,373	(67,439)	12,066	-	-
Pension reserve	-	(225,000)	21,000	-	(73,000)	(277,000)
	-	1,705,683	(1,832,609)	(51,105)	(73,000)	(251,031)
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	-	154,039	-	(12,066)	-	141,973
Capital expenditure from GAG	-	-	(1,995)	63,171	-	61,176
Assets inherited on conversion	-	3,355,750	(61,773)	-	-	3,293,977
	-	3,509,789	(63,768)	51,105	-	3,497,126
Total restricted funds	-	5,215,472	(1,896,377)	-	(73,000)	3,246,095
Total of funds	-	5,429,534	(1,959,902)	-	(73,000)	3,396,632

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

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

Other DfE / EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education for pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with providing the necessary support for the pupils education.

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**22 STATEMENT OF FUNDS (continued)**

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such

Other capital grants are provided to the academy based on specific bids for individual projects

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £21,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £73,000 actuarial reduction/increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	214,062	(63,525)	-	-	150,537
Restricted funds	-	1,705,683	(1,832,609)	(51,105)	(73,000)	(251,031)
Restricted fixed asset funds	-	3,509,789	(63,768)	51,105	-	3,497,126
	-	5,429,534	(1,959,902)	-	(73,000)	3,396,632

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**23 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	3,410,997	3,410,997
Current assets	150,537	95,341	86,129	332,007
Creditors due within one year	-	(69,372)	-	(69,372)
Provisions for liabilities and charges	-	(277,000)	-	(277,000)
	<u>150,537</u>	<u>(251,031)</u>	<u>3,497,126</u>	<u>3,396,632</u>

**24 NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	Period ended 31 August 2013 Total £
Net incoming resources before revaluations	3,469,632	-	3,469,632
Returns on investments and servicing of finance	(374)	-	(374)
Transfer from predecessor school	(3,274,460)	-	(3,274,460)
Depreciation of tangible fixed assets	63,768	-	63,768
Capital grants from DfE	(154,039)	-	(154,039)
Increase in debtors	(99,867)	-	(99,867)
Increase in creditors	69,373	-	69,373
FRS 17 adjustments	(21,000)	-	(21,000)
<b>Net cash inflow from operations</b>			<u>53,033</u>

**25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Period ended 31 August 2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u>374</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	Period ended 31 August 2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(129,766)
Capital grants from DfE	154,039
	<hr/>
<b>Net cash inflow capital expenditure</b>	<b>24,273</b> <hr/>

**26 ANALYSIS OF CHANGES IN NET FUNDS**

	21 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	-	232,140	-	232,140
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>-</b>	<b>232,140</b>	<b>-</b>	<b>232,140</b>
	<hr/>	<hr/>	<hr/>	<hr/>

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**27. CONVERSION TO AN ACADEMY TRUST**

On 21/09/2012 Holywell Church of England School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Holywell Church of England Academy from Central Bedfordshire 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 £
Land and buildings	-	-	3,345,000	3,345,000
Other assets	154,460	-	-	154,460
LGPS pension surplus/(deficit)	-	(225,000)	-	(225,000)
Net assets/(liabilities)	<u>154,460</u>	<u>(225,000)</u>	<u>3,345,000</u>	<u>3,274,460</u>

The above net assets include £154,460 that were transferred as cash

The Governors have used a valuation of £3,345,000 for the Academy's buildings, which is based on a discounted insurance valuation. There is no lease in place and the land and buildings are being occupied under licence from the Church of England.

**28. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement



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**29 CAPITAL COMMITMENTS**

At 31 August 2013 the Academy had capital commitments as follows

	2013 £
Contracted for but not provided in these financial statements	87,516

**30 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 Bedford Borough Council Both are defined benefit schemes

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

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of

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**30 PENSION COMMITMENTS (continued)**

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 review, 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 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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**30. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £102,000, of which employer's contributions totalled £85,000 and employees' contributions totalled £17,000. The agreed contribution rates for future years are 19% for employers and varied rates for employees.

As described in note 27 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 Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.60	311,000
Bonds	4.00	85,000
Property	4.70	36,000
Cash	3.60	13,000
Total market value of assets		445,000
Present value of scheme liabilities		(722,000)
(Deficit)/surplus in the scheme		(277,000)

The amounts recognised in the Balance sheet are as follows

	Period ended 31 August 2013 £
Present value of funded obligations	(722,000)
Fair value of scheme assets	445,000
Net liability	(277,000)

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**30. PENSION COMMITMENTS (continued)**

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

	Period ended 31 August 2013 £
Current service cost	(57,000)
Interest on obligation	(23,000)
Expected return on scheme assets	16,000
	<u>(64,000)</u>
Total	<u>32,000</u>
Actual return on scheme assets	<u>32,000</u>

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

	Period ended 31 August 2013 £
Opening defined benefit obligation	537,000
Current service cost	57,000
Interest cost	23,000
Contributions by employees	17,000
Actuarial Losses	88,000
	<u>722,000</u>
Closing defined benefit obligation	<u>722,000</u>

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

	Period ended 31 August 2013 £
Opening fair value of scheme assets	312,000
Expected return on assets	16,000
Actuarial gains and (losses)	15,000
Contributions by employer	85,000
Contributions by employees	17,000
	<u>445,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £73,000

The Academy expects to contribute £56,000 to its defined benefit pension scheme in 2014

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**30. PENSION COMMITMENTS (continued)**

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

	2013
Equities	70 00 %
Bonds	19 00 %
Property	8 00 %
Cash	3 00 %

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	5 90 %
Rate of increase in salaries	5 10 %
Rate of increase for pensions in payment / inflation	2 80 %

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

	2013
Retiring today	
Males	21.6
Females	23 2
Retiring in 20 years	
Males	23 6
Females	25 6

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(722,000)
Scheme assets	445,000
Deficit	(277,000)
Experience adjustments on scheme liabilities	(88,000)
Experience adjustments on scheme assets	15,000

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**Sensitivity Analysis**

	Approx % increase to employer liability %	Approx monetary amount £
0.5% decrease in the real discount rate	14	101,000
1 year increase in member life expectancy	3	22,000
0.5% increase in the salary increase rate	8	54,000
0.5% increase in the pension increase rate	6	44,000

**31 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has 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.

During the year the Academy did not enter into any such transactions.

**32 CONTROLLING PARTY**

The Trustees as a body have ultimate control of the Academy.

**33. INCORPORATION**

The company incorporated on 21 September 2012 and opened as an Academy on 1 October 2012.