

**St Mary's C of E Academy,
Handsworth,**

Registered number:
8296506

Annual report and financial statements

For the period from incorporation to 31 August 2013

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ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

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ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

Trustees and Directors

Mrs A Sturridge-Packer CBE (appointed 16 November 2012)
Mr D Bagley (appointed 16 November 2012)
Mr J Sehjal (appointed 16 November 2012)

Governing Body

Mr D Bagley	1	(Chair)
Mr J Sehjal		(Vice Chair)
Ms A Sturridge-Packer	1	
Mr M Ewins		
Mr S Mahandru		
Mr G Nembhard		
Mr N Caulkin		
Ms H France		
Miss M Edwards	1	
Mrs E Lubin		
Ms S Lyman-Ward	1	

1 = Members of Finance/Audit Committee

Company registered number
8296506

Principal and registered office
Hamstead Road, Handsworth, Birmingham, B20 2RW

Senior management team
Ms A Sturridge-Packer, Executive Head Teacher
Ms J Booker, Executive Deputy Head Teacher
Ms M Woodley, Acting Deputy Head Teacher

Bankers
Lloyds TSB, 114 – 116 Colmore Row, Birmingham, B3 3BD

Solicitors
Birmingham City Council Solicitors

Independent Auditor
Mazars LLP, 45 Church Street, Birmingham, B3 2RT

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

GOVERNORS REPORT FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

The governors present their first annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2013.

Structure, governance and management

a. Constitution

The Academy Trust is a company limited by guarantee and an exempt charity incorporated 16 November 2012. The School converted to Academy status on 1 February 2013. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees are the directors of the Charitable Company for the purposes of common law. Members of the Governing Body are delegated responsibility by the trustees for the charitable activities of St Mary's CE Primary & Nursery Academy, Handsworth.

The full Governing Body meets at least once a term. The work of the Governing Body is delegated to sub committees that are formerly constituted with terms of reference, namely:

- Curriculum Committee
- Finance Committee
- Staffing Committee
- Buildings, Health and Safety Committee
- Pupil Discipline Committee
- (Staff) Disciplinary/Dismissal Committees

The sub committees meet at least termly and the Chairs of these committees report back to the full Governing Body meetings.

b. 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.

c. Method of recruitment and appointment or election of Governors

The Academy Trust shall have the following Governors:

- a) The Executive Head Teacher
- b) 2 Staff Governors
- c) 5 parent Governors
- d) 4 Community Governors
- e) 3 Foundation Governors

The Executive Head Teacher is an ex-officio Governor.

d. Policies and procedures adopted for the induction and training of Governors

The academy purchases support from the Birmingham School and Governor Support at Birmingham LA. Support is also offered from Birmingham Diocesan Board of Education who provides regular courses and training for governors. This all enhances and supports the in-house induction and training programme. Courses and training are also offered by Birmingham LA and other training providers and the Clerk informs each governor about these. Governors are kept up to date with their legislative obligations and best practice through the above support services and by the Clerk to the Governing Body.

ST MARY'S C OF E ACADEMY, HANDSWORTH

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

e. Organisational structure

The Governing Body is responsible for all major decisions about the Academy. The Governing Body is responsible for setting all policies covering Personnel, Health & Safety, Curriculum and Financial aspects of the work of the Academy and monitors this. It receives regular reports from the Senior Leadership Team, including budget allocation and expenditure and other data updates including teaching and learning and achievement and standards.

It is the duty of the Governing Body to nominate and appoint a responsible officer for the purposes of making periodic checks on the academy's systems, controls and financial transactions. The sponsor has appointed SFS to take the role of Responsible Officer. The current Responsible Officer is James McCulloch.

The Responsible Officer reports to the Governing Body who approves the Statutory Accounts. The levels of authorisation of budget spend are detailed in the 'Executive Head Teacher Delegation Statement' reviewed annually by the Governing Body.

The day to day management of the academy is delegated by the Governing Body to the Executive Head Teacher supported by the Senior Leadership Team which comprises: Executive Head Teacher, Executive Deputy Head Teacher, 2 Assistant Head Teachers and finance support from DRB Management.

The initial School Improvement Plan is drawn up by the Executive Head Teacher working with the Senior Leadership Team. The draft plan is reviewed and approved by the full Governing Body. The Curriculum Committee reviews the progress of the plan as part of their regular work. The Finance Committee reviews the environmental and building part of the School Development Plan.

As a primary school, a high percentage of the academy's expenditure relates to staffing. The staffing structure is determined by the Governing Body working with the Executive Head Teacher.

The School Improvement Plan and the staffing structure then inform the Academy budget. The Executive Head Teacher is the Accounting Officer and responsible for the day to day management of the academy.

f. Connected organisations, including related party relationships

There are related parties which either control or significantly influence the decisions and operations of St Mary's CE Primary & Nursery Academy which include DRB, St Michael's CofE Primary Academy and St Mary's Teaching School Alliance.

The Academy works with many school networks both within the Birmingham LA and Birmingham Diocese to further the principal activities of the Academy.

In addition to the Executive Head Teacher being a National Leader of Education and St Mary's being a National Support School, St Mary's was designated teaching school status in March 2013. A teaching school alliance was formed with four strategic partner schools. Subsequently other schools which are at least good in OFSTED terms joined by invitation to become alliance partner schools. Part of the role of both the teaching school and the national support school is school to school support particularly raising standards in teaching and learning. The Executive Head Teacher is operational Head Teacher at St Michael's school in Handsworth as well as St Mary's.

g. Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities, of teaching and the finances. The governors have implemented a system to assess risks that the school faces, especially in the operational areas which includes teaching and learning, health and safety and in relation to the control of finance the governors have introduced systems, including operational Procedures and internal financial controls, in order to minimise risk.

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

h. Governors' indemnities

The academy has purchased indemnity insurance cover of £2,000,000 to protect against liability arising from negligent acts, errors and omissions committed in good faith at a cost of £57.60.

a. Objects and aims

The principal object and activity of the charitable company is the operation of St Mary's CE Primary & Nursery Academy to provide education and care for pupils of different abilities between the ages of 3 and 11.

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things:

- That the school has a curriculum satisfying the requirement of section 78 of EA 2002 (balanced and broadly based curriculum) including English, mathematics and science;
- the school shall make Provision for the teaching of religious education and provide a daily act of collective worship;
- that it provides education for pupils of different abilities;
- that it provides education for pupils who live and worship in the parish
- it also provides education for pupils who live within the area of the school.

The Aims of the academy during the period ended 31 August 2013 are summarised below.

b. Objectives, strategies and activities

The Academy Self Evaluation identified specific School Development focuses for this year including the following:
To consolidate outstanding teaching by:

- Ensuring that pupils receive sharper guidance on how to improve their work and sufficient opportunities to respond to the feedback and, thereby, achieve even higher standards
- Ensuring that all activities include tasks that are challenging enough secure the best possible progress for the more-able pupils, especially in Key Stage 1.
- Continue to develop the strategic leadership and management across two schools while we have the strategic and operational responsibility for St. Michael's C of E Primary School B21: as the school works towards the next OFSTED Inspection which is expected this academic year.

c. Public benefit

We have referred to the guidance contained in the Charity Commissions' general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

d. Beliefs and Values

At St Mary's we believe everyone thrives in a happy, secure and caring environment. It is an essential part of our Christian ethos that peace, love and caring for others should be the core values that everyone respects and agrees. We believe that education, strengthened by faith, is the vehicle with which children can achieve their full potential.

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

e. School Culture

At St Mary's we aim to provide opportunities and experiences for everyone to learn and develop their social, creative and academic skills within a motivating and stimulating church school ethos and environment.

We aim to:

- Foster an environment that is enriched spiritually, morally and socially through the Christian faith;
- Value each child as an individual, regardless of faith, ability, gender or ethnicity;
- Nurture children to be polite, respectful and considerate towards one another;
- Offer a range of opportunities and experiences to develop their confidence, self-esteem and independence;
- Encourage each child to fulfil their individual potential within all areas of the curriculum;
- Promote knowledge and understanding through a secure, stimulating and enriched environment;
- Create a broad educational experience that is enriched both morally and spiritually through partnership with staff, governors, parents, the local community, parishes of St Mary's and Birmingham Diocese;
- To enable each child to value themselves and have aspirations for the future;
- To recognise everyone's place in the wider community.

f. Going concern

After making appropriate enquiries, the board of trustees 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.

Achievements and performance

End of KS2 results 2013

Measure

	School	National
% of children achieving Level 4 or above in Reading, Maths and Writing TA	95%	80%
% of children achieving Level 5 in Reading, Maths and Writing TA	43%	21%
% of children achieving 2+ levels of progress in Reading	98%	92%
% of children achieving 2+ levels of progress in Writing	95%	92%
% of children achieving 2+ levels of progress in Maths	98%	90%
Average points score (Mean of R,W,M)	29	28
Pupil progress: % Level 4+ (actual vs estimated)	+5%	0%
Pupil progress: Average point score (actuals estimated)		

ST MARY'S C OF E ACADEMY, HANDSWORTH
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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

School date summary 2013

Early Years Foundation Stage

	CL	PD	PSED	Literacy	Maths	UW	EA
Expected (+)	42% (88%)	38% (96%)	38% (91%)	59% (81%)	49% (86%)	29% (90%)	36% (93%)
Exceeding	46%	58%	53%	22%	37%	61%	57%

Reading

Average Point Score End of year APS APS move

	School	National (expected)	(3.0 expected)
Year 1	15	11	5
Year 2	17	14	5
Year 3	19	18	4
Year 4	21	21	3
Year 5	26	24	3
Year 6	30	27	4

Writing

APS End of year APS APS move

	School	National (expected)	(3.0 expected)
Year 1	11	11	3
Year 2	16	14	5
Year 3	18	18	3
Year 4	23	21	4
Year 5	24	24	4
Year 6	29	27	4

Maths

APS End of year APS APS move

	School	National (expected)	(3.0 expected)
Year 1	11	11	3
Year 2	15	14	4
Year 3	18	18	5
Year 4	22	21	4
Year 5	24	24	4
Year 6	29	27	4

ST MARY'S C OF E ACADEMY, HANDSWORTH

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

Key Financial Performance Indicators

Pupil Numbers

Pupil numbers are currently 354.

Year Group	Number of Roll	Waiting list of
Nursery	44	
R	45	33
1	45	11
2	45	12
3	45	7
4	45	6
5	41	8
6	44	5

Financial review

a. Financial and risk management objectives and policies as per risk register

The main sources of income for the Academy are grants from the Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for capital expenditure from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities@ (SORP 2005), such grants 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 2013, total expenditure of £989,630 was covered by recurrent grant funding from the DfE together with other income resources. The income over expenditure for the year (excluding assets and liabilities inherited on conversion) was £139,837. These figures exclude the deficit on the Local Government Pension Scheme (see note 23 to the accounts).

At 31 August 2013 the net book value of fixed assets was £2,679,955 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The governors have prepared a Risk Register and agreed a Risk Management strategy. These include the financial risks to the school. The register and strategy are regularly reviewed by the Senior Management Team in light of any new information and will be formally reviewed annually by the Governing Body.

ST MARY'S C OF E ACADEMY, HANDSWORTH

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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

b. Principal risks and uncertainties

The principal financial risk facing the Academy is that funding is dependent upon pupil numbers. Pupil numbers are currently healthy but Governors are aware that, in the long term, it may face falling rolls due to low local birth rate. Governors do not currently consider these to be a high risk. The school is currently assessing the viability of expanding into 2-form entry. One of the key factors in this decision is whether the school can fill an extra 15 places per year. There are usually 3 times as many applicants for Reception places as there are spaces.

The Academy's future funding is also dependent upon Government Policy for Education. The Impact on St Mary's Primary Academy of any review of Schools' Funding will be assessed accordingly.

The Local Government Pension Scheme, a defined benefit scheme, is currently in deficit. The on-going contributions required, determined following a recent actuarial valuation, are considered to be manageable and within the academy's budget.

c. 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 the reserves. The Academy is holding reserves at 31 August 2013 of £2,404,792.

This comprises:

Pension Deficit Reserve deficit (£415,000)
Other Restricted Funds of £108,710
Unrestricted funds of £31,127
Restricted Fixed Asset Funds of £2,679,955

Restricted Funds comprise:

£108,710 general funds to support the academy's budget in 2013 – 14
£415,000 is the deficit on the defined benefit pension scheme.

d. Material investments policy

There are no material investments held by the Academy.

Plans for the future

a. Future developments

Governors recognise the impact of the learning environment on the levels of pupil achievements and continue to develop and improve the teaching, learning and whole school environment in a continually evolving education system. They actively seek to improve the school building and space available for pupils.

2012/2013 saw the following work completed:

- Corridors repainted upstairs and downstairs.
- Flooring refurbished. New laminate flooring was fitted.

Governors are committed to support and challenge the academy in order to maintain the extremely high levels of achievement the pupils currently attain.

ST MARY'S C OF E ACADEMY, HANDSWORTH **(A Company Limited by Guarantee)**

GOVERNORS' REPORT (CONTINUED) **FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013**

The academy's Self Evaluation has identified School Development focuses for the academic year 2013/2014 which includes:

- To consolidate outstanding teaching by:
- Ensuring that pupils receive sharper guidance on how to improve their work and sufficient opportunities to respond to the feedback and, thereby, achieve even higher standards
 - Ensuring that all activities include tasks that are challenging enough secure the best possible progress for the more-able pupils, especially in Key Stage 1.
 - Continue to develop the strategic leadership and management across two schools while we have the strategic and operational responsibility for St. Michael's C of E Primary School B21: as the school works towards the next OFSTED Inspection which is expected this academic year.

Funds held as custodian

There are funds held for The St Mary's C of E Teaching School Alliance. £55,997.34 is specifically for teaching school activities.

Discloser of information to auditors

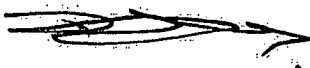
Each of the persons who are Governors all the time when this Governors' Report is approved has confirmed that:

- So far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

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

This report was approved by order of the board of trustees on 18th December 2013 and signed on its behalf by:



David Bagley
Chair of Trustees

ST MARY'S C OF E ACADEMY, HANDSWORTH

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GOVERNANCE STATEMENT

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that St Mary's CE Primary & Nursery 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 board of trustees has delegated the day-to-day responsibility to the Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Mary's Church of England Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees and material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that describes in the Governor's Report and in the Governor's Responsibility Statement. The board of trustees has formally met 2 times during the period from incorporation to. Attendance during the period from incorporation to at meetings of the board of trustees was as follows:

Governors	Meetings attended	Out of a possible
Mr D Bagley	2	2
Mr J Sehjal	1	2
Mrs A Sturridge-Packer	2	2
Mr M Ewins	2	2
Mr S Mahandru	2	2
Mr G Nembhard	1	2
Mr N Caulkin	2	2
Ms H France	0	2
Miss M Edwards	2	2
Mrs E Lubin	1	2
Ms S Lyman-Ward	2	2

The Finance Committee is a sub committee of the main board of trustees. Its purpose is:

- To operate as the audit committee as per EFA guidance
- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the period from incorporation to 31 August 2013 was as follows:

Governor	Meetings attended	Out of possible
Mr D Bagley	1	1
Mrs A Sturridge-Packer	1	1
Mr M Ewins	1	1
Ms S Lyman-Ward	1	1
Miss M Edwards	1	1

ST MARY'S C OF E ACADEMY, HANDSWORTH

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GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

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 or 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 on-going process designed to identify and prioritise the risks to the achievement of academy 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 St Mary's CE Primary & Nursery Academy for the period from incorporation to 31 August 2013 and up to date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Governors;
- Regular reviews by the finance committee and reported to Governors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint as an internal auditor, Schools Financial Services, James McCullagh.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period from incorporation to 31 August 2013 in question the review has been informed by:

- The work of the internal auditor;
- The work of the external auditors;
- The financial management and governance self-assessment process;

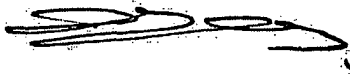
**ST MARY'S C OF E ACADEMY, HANDSWORTH
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**GOVERNANCE STATEMENT (CONTINUED)
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013**

- The work of the senior 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 academy and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18th December 2013 and signed on their behalf, by:



David Bagley
Chair of Trustees



Ava Sturridge-Packer CBE
Accounting Officer

**ST MARY'S C OF E ACADEMY, HANDSWORTH
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013**

As Accounting Officer of St Mary's CE Primary & Nursery Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy board of trustees are able to identify and material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

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

A handwritten signature in black ink, appearing to read 'Ava Sturridge-Packer', written in a cursive style.

Ava Sturridge-Packer CBE
Accounting Officer

ST MARY'S C OF E ACADEMY, HANDSWORTH **(A Company Limited by Guarantee)**

GOVERNORS RESPONSIBILITIES STATEMENT **FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013**

The Governors (who act as governors of St Mary's CE Primary & Nursery 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 Directions 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 the resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

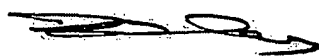
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statement on the going concern basis unless it is inappropriate to presume 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 to 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 purpose 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 board of trustees on 18th December and signed on its behalf by:



David Bagley
Chair of Trustees

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY'S CHURCH OF ENGLAND ACADEMY, HANDSWORTH

We have audited the financial statements of St Mary's Church of England Academy, Handsworth 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 to 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 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 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 year for which the financial statements are prepared is consistent with the financial statements.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY'S CHURCH OF
ENGLAND ACADEMY, HANDSWORTH**

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.



Ian Holder (Senior Statutory Auditor)

For and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date:

23 December 2013

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST MARY'S C OF E ACADEMY, HANDSWORTH AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter 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 St Mary's C of E Academy, Handsworth during the period from incorporation 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 St Mary's C of E Academy, Handsworth and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Mary's C of E Academy, Handsworth 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 St Mary's C of E Academy, Handsworth and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Mary's C of E Academy, Handsworth accounting officer and the reporting accountants

The accounting officer is responsible, under the requirements of St Mary's C of E Academy, Handsworth funding agreement with the Secretary of State for Education, 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 from incorporation 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.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY
TO ST MARY'S C OF E ACADEMY, HANDSWORTH 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 from incorporation 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.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date: *23 December 2013*

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	30,981	(399,789)	2,691,660	2,322,852
Activities for generating funds	3	-	152,397	-	152,397
Investment income	4	146	-	-	146
Funding for the academy trust's educational operations	5	-	909,399	7,628	917,027
Total incoming resources		31,127	662,007	2,699,288	3,392,422
Resources expended					
Cost of generating funds:					
Cost of generating voluntary income	6	-	129,156	-	129,156
Charitable activities	7	-	825,381	19,333	844,714
Governance costs	7	-	28,890	-	28,890
Total resources expended		-	983,427	19,333	1,002,760
Net incoming resources before transfers		31,127	(321,420)	2,679,955	2,389,662
Transfers between Funds	16	-	(23,447)	23,447	-
Net movement in funds for the year		31,127	(344,867)	2,703,402	2,389,662
Other recognised gains and losses					
Actuarial gains on defined benefit pension scheme		-	2,000	-	2,000
Total funds at 31 August 2013		31,127	(342,867)	2,703,402	2,391,662

All of the academy's activities are continuing.

The Statement of Financial Activities includes all gains and losses recognised in the period from incorporation to 31st August 2013.

The notes on pages 21 to 36 form part of these financial statements.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

Registered number: 8296506

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
Fixed assets			
Tangible assets	13		2,700,353
Current assets			
Debtors	14	148,483	
Cash at bank		138,567	
		<u>287,050</u>	
Creditors: amounts falling due within one year	15	<u>(180,741)</u>	
Net current assets			<u>106,309</u>
Total assets less current liabilities	20		2,806,662
Pension scheme liability			<u>(415,000)</u>
Net assets including pension liability			<u>2,391,662</u>
Funds of the academy trust			
Restricted funds:			
Restricted funds	16	72,133	
Restricted fixed asset funds	16	2,703,402	
Pension reserve	20	<u>(415,000)</u>	
Total restricted funds			2,360,535
Unrestricted funds	16		<u>31,127</u>
Total funds			<u>2,391,662</u>

The financial statements were approved by the Governors, and authorised for issue, on 18th December 2013 and are signed on their behalf, by:


Mr D Bagley
Chair of Trustees

The notes on pages 22 to 41 form part of these financial statements.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

	Note	2013 £
Net cash flow from operating activities	19	166,448
Returns on investments and servicing of finance	19	146
Capital expenditure and financial investment	19	(28,027)
Increase in cash in the period		138,567

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 FROM INCORPORATION TO 31 AUGUST 2013

	2013 £
Increase in cash in the period	138,567
Movement in net funds in the period	138,567
Net funds at 31 August 2013	138,567

The notes on pages 22 to 41 form part of these financial statements.

**ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013**

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 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.

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

1. Accounting Policies (continued)

1.3 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.

1.4 Resources expended

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

Charitable activities 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.

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

1. Accounting Policies (continued)

1.5 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.

1.6 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.

The Governors carry out an impairment review annually.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 2% Straight Line
Computer equipment	- 25% Straight Line

1.7 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.

1.8 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 22, 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.

ST MARY'S C OF E ACADEMY, HANDSWORTH

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

1. Accounting Policies (continued)

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.

1.9 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 [name of predecessor 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 St Mary's C of E Academy, Handsworth. 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.

1.10 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

2. Voluntary income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Donations - restricted	-	211	211
Capital transferred from Local Authority	-	-	-
Assets transferred from Local Authority - restricted	-	2,691,660	2,691,660
Assets transferred from Local Authority - unrestricted	29,687	-	29,687
Assets transferred from Local Authority – unrestricted school fund	1,294	-	1,294
Pension deficit inherited on conversion	-	(400,000)	(400,000)
	<u>30,981</u>	<u>2,291,871</u>	<u>2,322,852</u>
Donations	<u>30,981</u>	<u>2,291,871</u>	<u>2,322,852</u>

3. Activities for generating funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Sundry Income	-	152,397	152,397
	<u>-</u>	<u>152,397</u>	<u>152,397</u>

4. Investment income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Short term deposits	146	-	146
	<u>146</u>	<u>-</u>	<u>146</u>

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

5. Incoming resources from charitable activities

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Academy's educational operations		917,027	917,027

Funding for Academy's educational operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
General Annual Grant (GAG)	-	812,036	812,036
Other DfE/EFA grants	-	8,470	8,470
Devolved formula capital allocations	-	7,628	7,628
		828,134	828,134
Other government grants			
Local authority grants	-	88,893	88,893
		88,893	88,893
		917,027	917,027

6. Costs of generating funds

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2013 £
Costs of generating voluntary income	114,048	-	15,108	129,156

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

7. Resources expended

	Staff costs £	Premises £	Other costs £	2013 £
Academy's educational operations				
- Direct costs	572,200	19,333	48,030	639,563
- Allocated support costs	101,677	52,376	51,098	205,151
Sub total	<u>673,877</u>	<u>71,709</u>	<u>99,128</u>	<u>844,714</u>
 Governance costs including allocated support costs			28,890	28,890
Sub total			<u>28,890</u>	<u>28,890</u>
Total	<u>673,877</u>	<u>71,709</u>	<u>128,018</u>	<u>873,604</u>

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

8. Direct costs

	Unrestricted £	Restricted £	Total 2013 £
Teaching and educational support staff costs			
Wages and salaries	-	471,580	471,580
National insurance	-	31,338	31,338
Pension costs	-	69,282	69,282
Sub total	-	572,200	572,200
Other direct costs			
Depreciation	-	19,333	19,333
Technology costs	-	10,850	10,850
Educational supplies	-	21,121	21,121
Staff development	-	9,510	9,510
Educational consultancy	-	800	800
Other direct costs	-	5,749	5,749
Sub-total	-	67,363	67,363
Total	-	639,563	639,563
Support costs			
	Unrestricted £	Restricted £	Total 2013 £
Support staff costs			
Wages and salaries	-	90,009	90,009
National insurance	-	2,742	2,742
Pension costs	-	8,926	8,926
Sub total	-	101,677	101,677
Other support costs			
Technology costs	-	-	-
Recruitment and support	-	8,837	8,837
Maintenance of premises and equipment	-	10,416	10,416
Cleaning	-	8,368	8,368
Rent and rates	-	5,328	5,328
Energy costs	-	12,246	12,246
Insurance	-	16,017	16,017
Security and transport	-	3,296	3,296
Catering	-	33,377	33,377
Bank interest and other charges	-	-	-
Other support costs	-	5,589	5,589
Depreciation	-	-	-
Sub total	-	103,474	103,474
Total	-	205,151	205,151

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

9. Governance costs

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	5,000	5,000
Legal and professional fees	-	23,760	23,760
Trustees reimbursed expenses	-	130	130
	<u>-</u>	<u>28,890</u>	<u>28,890</u>

10. Net incoming resources

This is stated after charging:

	2013 £
Depreciation of tangible fixed assets:	
- owned by the charity	19,333
Auditors' remuneration	3,600
Other non audit costs	1,400
Operating leases	<u>1,327</u>

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

11. Staff costs

Staff costs were as follows:

	2013 £
Wages and salaries	572,191
Social security costs	34,081
Other pension costs	78,208
	<u>684,480</u>
Supply teacher costs	103,445
	<u><u>787,925</u></u>

The average number of persons (including the senior management team) employed by the academy during the period from incorporation to 31 August 2013 expressed as full time equivalents was as follows:

	2013 No.
Teachers	14
Administration and support staff	15
Management	5
	<u>34</u>

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

	2013 No.
£110,001 - £120,000	<u>1</u>

One of the above employees participated in the Teacher Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £10,888.

Trustee's remuneration and expenses

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

Mrs A Sturridge - Packer (Executive head teacher and trustee)	£110,000 - £115,000
---	---------------------

This amount includes back paid remuneration for the last 2 years and £20,000 for being operational and Executive Head Teacher at St Michael's C of E Primary Academy.

During the year ended 31 August 2013 travel and subsistence expenses totalling £130 were reimbursed to trustees, this £130 was reimbursed to the school at the time as the cost was incurred through work as a national support school, which was funded by the National College.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

12. 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 £2m on any one claim and the cost for the period from incorporation to 31 August 2013 was £57.60

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

13. Tangible fixed assets

	Leasehold property £	Furniture & fittings £	Total £
Cost			
Additions	23,447	4,580	28,027
Transfer on conversion	2,691,660	-	2,691,660
At 31 August 2013	<u>2,715,107</u>	<u>4,580</u>	<u>2,719,687</u>
Depreciation			
Charge for the period from incorporation	18,892	442	19,334
At 31 August 2013	<u>18,892</u>	<u>442</u>	<u>19,334</u>
Net book value			
At 31 August 2013	<u>2,696,215</u>	<u>4,138</u>	<u>2,700,353</u>

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

14. Debtors

	2013
	£
Trade debtors	71,919
VAT	24,940
Other debtors	-
Prepayments and accrued income	51,624
	<u>148,483</u>

15. Creditors:
Amounts falling due within one year

	2013
	£
Trade creditors	30,874
Other creditors	24,757
Accruals and deferred income	46,663
Funds held for reading schools	78,447
	<u>180,741</u>

Deferred income

Resources deferred during the year	<u>6,050</u>
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The above deferred income consists of £6,050 insurance monies for the period 2013/2014.

ST MARY'S C OF E ACADEMY, HANDSWORTH
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION TO 31 AUGUST 2013

16. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance Carried Forward at 31/08/13 £
Unrestricted funds					
Unrestricted funds	-	31,127	-	-	31,127
Restricted funds					
General Annual Grant (GAG)	-	748,719	(674,652)	(23,447)	50,620
Other DfD/EFA grants	-	8,470	(5,257)	-	3,213
Other LEA grants	-	88,893	(88,893)	-	-
Sundry income	-	152,608	(152,608)	-	-
Pupil premium	-	63,317	(45,017)	-	18,300
Pension reserve	-	(400,000)	(17,000)	2,000	(415,000)
	-	662,007	(983,427)	(21,447)	(342,867)
Restricted fixed asset funds					
Capital expenditure from GAG	-	-	(468)	23,447	22,979
DfE/YPLA capital grants	-	7,628	(442)	-	7,186
Capital donations	-	2,691,660	(18,423)	-	2,673,237
	-	2,699,288	(19,333)	23,447	2,703,402
Total restricted funds	-	3,361,295	(1,002,760)	2,000	2,360,535
Total of funds	-	3,392,422	(1,002,760)	2,000	2,391,662

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

- 1) General Annual Grant: this must be used for the normal running costs of the Academy Trust
- 2) Start Up Grant: this relates to funds used in connection with the initial set up of the Academy Trust
- 3) Other DfE/YPLA Grant: this fund relates to other grants received which must be used for the purpose intended.
- 4) Other Restricted funds: these funds relate to all other restricted funds received which must be used for the purpose intended.
- 5) Restricted fixed asset fund: this fund relates to resources which must be applied for specific capital purposes intended.

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.

ST MARY'S C OF E ACADEMY, HANDSWORTH
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NOTES TO THE FINANCIAL STATEMENTS
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17. Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Carried Forward £
General funds	-	31,127	-	-	31,127
Restricted funds	-	662,007	(983,427)	(21,447)	(342,867)
Restricted fixed asset funds	-	2,699,288	(19,333)	23,447	2,703,402
	-	3,392,422	(1,002,760)	2,000	2,391,662

18. Analysis of net assets between funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	2,700,353	2,700,353
Current assets	31,127	252,874	3,049	287,050
Creditors due within one year	-	(180,741)	-	(180,741)
Pension scheme liability	-	(415,000)	-	(415,000)
	31,127	(342,867)	2,703,402	2,391,662

19. Net cash flow from operations

	2013 Total £
Net incoming resources before revaluations	2,389,662
Returns on investments and servicing of finance	(146)
Depreciation of tangible fixed assets	19,333
Inherited defined benefit pension scheme liability	400,000
Donated assets	(2,691,660)
Increase in creditors	180,741
Increase in debtors	(148,482)
FRS 17 pension scheme adjustments	17,000
Net cash inflow from operations	166,448

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19. Net cash flow from operations (Continued)

Analysis of cash flows for headings netted in cash flow statement

	2013 £
Returns on investments and servicing of finance	
Interest received	146
	<u>146</u>
Capital expenditure and financial investment	
Purchase of intangible fixed assets	(28,027)
	<u>(28,027)</u>

20. Analysis of changes in net funds

	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	138,567	-	138,567
	<u>138,567</u>	<u>-</u>	<u>138,567</u>
Net funds	<u>138,567</u>	<u>-</u>	<u>138,567</u>

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21. Conversion to an academy trust

On 1st February 2013 St Mary's Church of England Academy, Handsworth converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Mary's Church Of England Academy, Handsworth from Birmingham City 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 £
Leasehold land and buildings	-	-	2,691,660	2,691,660
Budget surplus/(deficit) on LA funds	29,687	-	-	29,687
Budget surplus/(deficit) on other school funds	1,294	-	-	1,294
LGPS pension surplus/(deficit)	-	(400,000)	-	(400,000)
Net assets/(liabilities)	<u>30,981</u>	<u>(400,000)</u>	<u>2,691,660</u>	<u>2,322,641</u>

22. Financial commitments

Operating leases

At the 31 August 2013 the academy trust has annual commitments under non-cancellable operating leases as follows:

	2013 £
Other	
Expiring within one year	2,795
Expiring within two and five years	2,654
Expiring in over five years	-
	<u>5,449</u>

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23. 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 [insert name]. 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 from incorporation to.

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 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.

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23. Pension commitments (Continued)

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.

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.

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20. 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 from incorporation to ended 31 August 2013 was £36,000, of which employer's contributions totalled £26,000 and employees' contributions totalled £10,000.

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

As described in note 21 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 from incorporation to. 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 cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £2,000.

The academy expects to contribute £52,000 to its Defined Benefit Pension Scheme in 2014.

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	42.40	138,000
Government bonds	8.40	28,000
Other bonds	11.20	37,000
Property	8.70	29,000
Cash / liquidity	4.10	13,000
Other	25.20	83,000
Total market value of assets		328,000
Present value of scheme liability		(743,000)
(Deficit)/surplus in the scheme		(415,000)

The amounts recognised in the Balance Sheet are as follows:

	2013 £
Present value of funded obligations	(743,000)
Fair value of scheme assets	328,000
Net liability	(415,000)

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24. 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.

The drb Group of companies are used to deliver a number of services to the academy in which one of the Trustees is a Director. During the period transactions totalling £8,372 took place. There were no amounts outstanding at the date of the report.

St Michael's CE Academy (refer to note "f" on page 3 of these accounts for further details) by virtue of the support being provided by the Executive Head Teacher and the leadership team of St Mary's CE Academy is also seen as a related party. Transactions between St Mary's CE Academy and Nursery and St Michael's CE Academy totalled £137,093 during the period (this covered numerous transactions relating to school improvement and resources). A balance of £71,919 is included in trade debtors.

St Michael's C of E Academy is sponsored by the Birmingham Diocese known as DBET. Normally each DBET sponsored school has a high performing school which it is partnered with. In the case of St Michael's, this partnership is different in that the Executive Head Teacher at St Mary's is Executive Head Teacher at St Michael's and is also the operational Head Teacher at both schools. She therefore takes full responsibility for all school business including OFSTED.