

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**



**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2014**

Trustees

Mr T Bolton, Co-opted (appointed 1 October 2013)¹
Mr P Dolby, Trustee (appointed 1 October 2013)¹
Mrs A Flower, Parent (appointed 1 October 2013, resigned 11 July 2014)²
Mrs K Gant, Co-opted (appointed 1 October 2013)³
Mrs S Handy, Staff (appointed 1 October 2013)²
Mr A Hayward-Wright, Parent (appointed 1 October 2013)¹
Mrs A Horner, Parent (appointed 1 October 2013)²
Mr M Jones, Trustee (appointed 1 October 2013)¹
Mrs D Morris, Staff (appointed 23 February 2014)³
Mr K Sherrington-Lodge, Trustee (appointed 1 October 2013)¹
Mrs S Taylor, Co-opted (appointed 1 October 2013)³
Mr M Ward, Parent (appointed 1 October 2013)²
Mr A Whelan, Parent (appointed 1 October 2013)³
Mrs D Yarnold, Headteacher (appointed 1 October 2013)^{1,2,3}

- ¹ Finance & Personnel
² Buildings and Health and Safety
³ Curriculum

**Company registered
number** 08637890

**Principal and registered
office** Church Road
Astwood Bank
Redditch
Worcestershire
B96 6EH

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers Lloyds Bank
PO Box 1000
Redditch
BX1 1LT

Solicitors Children's Services
Worcestershire County Council
PO Box 73
Worcester
WR5 2YA

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 5 to 9 in Worcestershire. It has a pupil capacity of 300 and had a roll of 301 in the school census on 4 October 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy (was incorporated on 5 August 2013 and opened as an Academy on 1 October 2013) 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 Trustees of Astwood Bank First School are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Astwood Bank First School.

Details of the Trustees who served throughout the period, 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 Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £3,000,000.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st October 2013 three Trustees were appointed that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a new term of office to start on 1st October 2013.

Trustees are appointed for a four year period. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

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

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee recruitment, induction and training policy available from the Clerk to the Trustees.

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

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Organisational Structure

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

There are three committees as follows;

- Finance and personnel Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Buildings and Health and Safety Committee – this meets three times a year and monitors and evaluates the asset management and health and safety of the buildings.

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

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Head teacher and Senior Management Team (SMT). The SMT comprises the Head teacher, Deputy Head teacher, three Senior leaders. The SMT implement the policies laid down by the Trustees and report back to them on performance. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with other schools which form part of the Tudor Grange Academy, Redditch pyramid of schools.

There are no related parties which either control or significantly influence the decisions and operations of Astwood Bank First School.

There are no sponsors.

There is a Parent Teacher Association associated with the Academy.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

OBJECTIVES AND ACTIVITIES

Objects and Aims

Astwood Bank First School aims:

- To provide a happy secure environment and foster attitudes which will instil self confidence and create a sense of personal worth.
- To provide a broad and balanced curriculum that stimulates and challenges pupils to enable them to acquire knowledge, skills and understanding relevant to life in the 21st Century.
- To provide a learning environment with a range of sensory opportunities in which pupils can access and organise resources/aspects of their work and become independent learners.
- To provide a curriculum that takes account of individual learning styles as well as promoting physical, social, emotional, creative and spiritual development.
- To promote an atmosphere fostering a sense of caring, tolerance and support alongside an appreciation of different viewpoints which enables each to achieve their own potential.
- To communicate effectively with parents and community and to develop shared goals and values that will support and challenge the pupils.

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

- Work with schools in the pyramid/ local community to consult, decide and plan for changes to age range.
- New classrooms and alterations to existing building (Linked to Primary Consultation).
- Improve standards overall by increasing independence through revisiting learning drivers and behaviours.
- Develop the use of the Nurture Room / nurture groups.
- Set up medium term plans for skills progression through each subject linked to the new primary curriculum.
- To develop the staff's skill base to support speech and language across the school.
- To improve the attitudes and levels of engagement with boys in reading and writing.
- Understand changes to SEN and develop provision to continue outstanding support for SEN needs.
- Explore and develop academy status and evaluate our service providers.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its first year of operation.

The Academy was inspected in March 2010 and was judged to be outstanding. A quote from the OFSTED report 'Perhaps the most outstanding feature in a long list is the richness and variety of the curriculum. The school has tapped into an exceptionally wide range of opportunities, many involving outside agencies such as Young Enterprise personnel and modern dance teachers, to ensure that learning is relevant, interesting and exciting. The enthusiasm generated spills over into all aspects of school life and pupils show excitement and keenness in lessons and around school.

The Academy is over subscribed with over 150 applications for 60 places for the Reception intake in September 2015.

Standards are significantly above National Standards at the end of the Foundation Stage, Key Stage 1 and when pupils leave us in Year 4.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

These standards are continually assessed through a programme of lesson observations and work trawls and effective CPD opportunities that link to the School Development Plan.

Some of the priorities achieved from last year's school development plan were:

- The development of information evenings / events for parents.
- Improvements in Maths standards across the school.
- Development of play leaders and buddy system.
- Development of the school website.

A Nurture/ Nature room has been a great addition to the buildings and a set of ipads with staff training. During the year the Academy have re decorated a number of areas within school to maintain the outstanding facilities.

Going Concern

The Trustees 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 Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the period ended 31 August 2014.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 year ended 31 August 2014, total expenditure of £1,111,921 was covered by recurrent grant funding from the DfE, together with other incoming resources of £3,925,038.

At 31 August 2014 the net book value of fixed assets was £3,012,997 and movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2014 at £3,000,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The surplus balance of the former school's budget share of £69,874 was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

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

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Reserves Policy

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

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 98% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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

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

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

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

**ASTWOOD BANK FIRST SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 15 December 2014 and signed on the board's behalf by:



**K Sherrington-Lodge
Chair of Trustees**

**ASTWOOD BANK FIRST SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Astwood Bank First School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 5 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr T Bolton, Co-opted	4	5
Mr P Dolby, Trustee	5	5
Mrs A Flower, Parent	5	5
Mrs K Gant, Co-opted	4	5
Mrs S Handy, Staff	5	5
Mr A Hayward-Wright, Parent	4	5
Mrs A Horner, Parent	4	5
Mr M Jones, Trustee	4	5
Mrs D Morris, Staff	5	5
Mr K Sherrington-Lodge, Trustee	4	5
Mrs S Taylor, Co-opted	5	5
Mr M Ward, Parent	4	5
Mr A Whelan, Parent	4	5
Mrs D Yarnold, Headteacher	5	5

The Finance and Personnel committee is a sub committee of the main governing body. Its purpose is to oversee the Finance and Personnel matters and report back to the Full Governing Body. The responsibilities include monitoring, evaluating and reviewing policy and performance in relation to financial management and personnel, compliance with regularity requirements and reporting, receiving reports from the Responsible Officer and agreeing the annual budget.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr T Bolton	2	3
Mr P Dolby	3	3
Mr A Hayward-Wright	3	3
Mr M Jones	3	3
Mr K Sherrington-Lodge	3	3
Mrs D Yarnold	3	3

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 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

GOVERNANCE STATEMENT (continued)

economically. The system of internal control has been in place in Astwood Bank First School for the period 1 October 2013 to 31 August 2014 and up to the 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 October 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 Board of Trustees;
- regular reviews by the Headteacher 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific Responsible Officer function and has decided to appoint Bishop Fleming as Responsible Officer.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the Responsible Officer 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.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

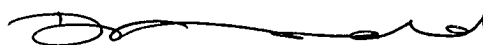
- not to appoint an internal auditor. However the trustees have appointed Bishop Fleming as Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Responsible Officer 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 15 December 2014 and signed on its behalf, by:



**K Sherrington-Lodge
Chair of Trustees**



**D Yarnold
Accounting Officer**

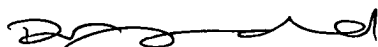
**ASTWOOD BANK FIRST SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Astwood Bank First School 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.

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

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



**D Yarnold
Accounting Officer**

Date: 15/12/2014

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 trustees are required to:

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

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

The trustees 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 and signed on its behalf by:



**K Sherrington-Lodge
Chair of Trustees**

Date: 15 December 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTWOOD BANK FIRST SCHOOL

We have audited the financial statements of Astwood Bank First School for the period ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy'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 TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the trustees (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 trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 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 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTWOOD BANK FIRST SCHOOL

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Bishop Fleming' followed by a stylized monogram or initials.

Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

16 December 2014

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ASTWOOD
BANK FIRST SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Astwood Bank First School during the period 1 October 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF ASTWOOD BANK FIRST SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Astwood Bank First School's funding agreement with the Secretary of State for Education dated 19 December 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ASTWOOD
BANK FIRST SCHOOL 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 1 October 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read 'Andrew Wood', is written over a light blue horizontal line.

Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB
16 December 2014

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF FINANCIAL ACTIVITIES

**(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer from Local Authority on conversion	2	69,874	(248,000)	3,048,172	2,870,046
Other voluntary income	2	10,406	-	-	10,406
Activities for generating funds	3	37,705	-	-	37,705
Investment income	4	117	-	-	117
Incoming resources from charitable activities	5	6,332	980,273	20,159	1,006,764
TOTAL INCOMING RESOURCES		124,434	732,273	3,068,331	3,925,038
RESOURCES EXPENDED					
Charitable activities		17,948	1,020,610	51,226	1,089,784
Governance costs	9	-	22,137	-	22,137
TOTAL RESOURCES EXPENDED	6	17,948	1,042,747	51,226	1,111,921
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		106,486	(310,474)	3,017,105	2,813,117
Transfers between Funds	18	(53,474)	53,474	-	-
NET INCOME FOR THE PERIOD		53,012	(257,000)	3,017,105	2,813,117
Actuarial gains and losses on defined benefit pension schemes		-	(27,000)	-	(27,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		53,012	(284,000)	3,017,105	2,786,117
Total funds at 1 October 2013		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2014		53,012	(284,000)	3,017,105	2,786,117

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.

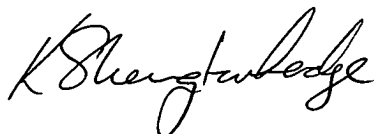
The notes on pages 20 to 36 form part of these financial statements.

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08637890**

**BALANCE SHEET
AS AT 31 AUGUST 2014**

	Note	£	2014 £
FIXED ASSETS			
Tangible assets	15		3,012,997
CURRENT ASSETS			
Debtors	16	27,966	
Cash at bank and in hand		113,840	
		<u>141,806</u>	
CREDITORS: amounts falling due within one year	17	(84,686)	
NET CURRENT ASSETS			<u>57,120</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,070,117</u>
Defined benefit pension scheme liability	24		(284,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>2,786,117</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds excluding pension liability		3,017,105	
Pension reserve		<u>(284,000)</u>	
Total restricted funds			<u>2,733,105</u>
Unrestricted funds	18		<u>53,012</u>
TOTAL FUNDS			<u><u>2,786,117</u></u>

The financial statements were approved by the trustees, and authorised for issue, on 15 December 2014 and are signed on their behalf, by:



**K Sherrington-Lodge
Chair of Trustees**

The notes on pages 20 to 36 form part of these financial statements.

**ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2014 £
Net cash flow from operating activities	20	59,900
Returns on investments and servicing of finance	21	117
Capital expenditure and financial investment	21	(16,051)
Cash transferred on conversion to an academy trust	23	69,874
INCREASE IN CASH IN THE PERIOD		113,840

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

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

	2014 £
Increase in cash in the period	113,840
MOVEMENT IN NET FUNDS IN THE PERIOD	113,840
NET FUNDS AT 31 AUGUST	113,840

The notes on pages 20 to 36 form part of these financial statements.

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

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 to 2014 issued by 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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

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.

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

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

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 trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees 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 Trustees 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is 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 buildings and land	-	50 and 125 years straight line
Computer equipment	-	3 years straight line

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

1. ACCOUNTING POLICIES (continued)

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 24, 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 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 until 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 Astwood Bank First School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the trustees 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 Astwood Bank First School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Transfer from Local Authority on conversion	69,874	2,800,172	2,870,046
Donations	10,406	-	10,406
Voluntary income	80,280	2,800,172	2,880,452

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Lettings	11,374	-	11,374
Fees received	26,331	-	26,331
	37,705	-	37,705

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Bank interest	117	-	117

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA grants			
Capital Grants	-	20,159	20,159
General Annual Grant	-	906,799	906,799
Start up Grants	-	9,687	9,687
Other DfE/EFA grants	-	56,590	56,590
Special Educational Needs	-	7,062	7,062
	-	1,000,297	1,000,297
Other funding			
Sales to students	2,642	-	2,642
Music fees and other	3,690	135	3,825
	6,332	135	6,467
	6,332	1,000,432	1,006,764

6. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £
Direct costs	744,304	45,591	91,956	881,851
Support costs	92,719	69,013	46,201	207,933
CHARITABLE ACTIVITIES	837,023	114,604	138,157	1,089,784
GOVERNANCE	-	-	22,137	22,137
	837,023	114,604	160,294	1,111,921

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

7. DIRECT COSTS

	Total 2014 £
Pension finance costs	11,000
Educational supplies	28,191
Staff development	6,442
Other costs	36,673
Supply teachers	9,650
Wages and salaries	619,730
National insurance	38,301
Pension cost	86,273
Depreciation	45,591
	<u>881,851</u>

8. SUPPORT COSTS

	Total 2014 £
Recruitment and other staff costs	380
Maintenance of premises and equipment	39,103
Cleaning	4,526
Rent and rates	4,365
Heat and light	14,448
Insurance	15,178
Security and transport	936
Catering	7,967
Technology costs	4,980
Office overheads	17,231
Bank charges	465
Wages and salaries	80,304
National insurance	2,393
Pension cost	10,022
Depreciation	5,635
	<u>207,933</u>

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Auditors' remuneration	-	9,575	9,575
Legal and Professional	-	12,562	12,562
	<u>-</u>	<u>22,137</u>	<u>22,137</u>

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	51,226
Auditors' remuneration	9,575
	<u>60,801</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £
Wages and salaries	700,034
Social security costs	40,694
Pension costs	96,295
	<u>837,023</u>

b. Staff numbers

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

	2014 No.
Management	5
Teachers	8
Support	15
	<u>28</u>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in the period.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other trustees did not receive any payments, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows; D Yarnold £60,000 - £65,000; D Morris £45,000 - £50,000; S Handy £15,000 - £20,000.

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

During the period, no trustees received any reimbursement of expenses.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,717. The cost of this insurance is included in the total insurance cost.

14. OTHER FINANCE INCOME

	2014 £
Expected return on pension scheme assets	1,000
Interest on pension scheme liabilities	(12,000)
	<u>(11,000)</u>

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 October 2013	-	-	-	-
Additions	-	2,720	13,331	16,051
Transfer on conversion	3,048,172	-	-	3,048,172
At 31 August 2014	<u>3,048,172</u>	<u>2,720</u>	<u>13,331</u>	<u>3,064,223</u>
DEPRECIATION				
At 1 October 2013	-	-	-	-
Charge for the period	48,172	-	3,054	51,226
At 31 August 2014	<u>48,172</u>	<u>-</u>	<u>3,054</u>	<u>51,226</u>
NET BOOK VALUE				
At 31 August 2014	<u>3,000,000</u>	<u>2,720</u>	<u>10,277</u>	<u>3,012,997</u>

16. DEBTORS

	2014 £
Prepayments and accrued income	17,309
VAT recoverable	10,657
	<u>27,966</u>

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £
Trade creditors	6,843
Other taxation and social security	27,255
Accruals and deferred income	50,588
	<u>84,686</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>37,481</u>

At the balance sheet date the Academy was holding funds received in advance for the provision of free school meals in the 2014/15 academic year.

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	124,434	(17,948)	(53,474)	-	53,012
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	910,330	(963,804)	53,474	-	-
Special needs funding	-	3,531	(3,531)	-	-	-
Pupil premium	-	38,377	(38,377)	-	-	-
Start up grant	-	9,687	(9,687)	-	-	-
Other grants	-	18,348	(18,348)	-	-	-
Pension reserve	-	(248,000)	(9,000)	-	(27,000)	(284,000)
	<u>-</u>	<u>732,273</u>	<u>(1,042,747)</u>	<u>53,474</u>	<u>(27,000)</u>	<u>(284,000)</u>

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	-	3,048,172	(48,172)	-	-	3,000,000
Fixed assets purchased from GAG and other restricted funds	-	20,159	(3,054)	-	-	17,105
	-	3,068,331	(51,226)	-	-	3,017,105
Total restricted funds	-	3,800,604	(1,093,973)	53,474	(27,000)	2,733,105
Total of funds	-	3,925,038	(1,111,921)	-	(27,000)	2,786,117

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

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

Start up Grant - This represents one off funding received from the EFA to contribute to the cost of converting from a school to an academy.

Assets donated from the Local Authority - This represents the school's funding surplus on conversion to an academy.

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Other grants - Income which has been received for specific purposes.

Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Devolved Formula Capital - This represents funding from the EFA to cover the maintenance and purchase of the Academy's assets.

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion.

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 2014.

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	124,434	(17,948)	(53,474)	-	53,012
Restricted funds	-	732,273	(1,042,747)	53,474	(27,000)	(284,000)
Restricted fixed asset funds	-	3,068,331	(51,226)	-	-	3,017,105
	-	3,925,038	(1,111,921)	-	(27,000)	2,786,117

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	2,720	-	3,010,277	3,012,997
Current assets	50,292	84,686	6,828	141,806
Creditors due within one year	-	(84,686)	-	(84,686)
Pension scheme liability	-	(284,000)	-	(284,000)
	53,012	(284,000)	3,017,105	2,786,117

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £
Net incoming resources before revaluations	2,813,117
Returns on investments and servicing of finance	(117)
Net assets transferred on conversion	(3,118,046)
Depreciation of tangible fixed assets	51,226
Increase in debtors	(27,966)
Increase in creditors	84,686
Defined benefit pension scheme adjustments	257,000
NET CASH INFLOW FROM OPERATIONS	59,900

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	117

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(16,051)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 October 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	113,840	-	113,840
NET FUNDS	-	113,840	-	113,840

23. CONVERSION TO AN ACADEMY TRUST

On 1 October 2013 Astwood Bank First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Astwood Bank First School from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources 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	-	-	3,048,172	3,048,172
Budget surplus/(deficit) on LA funds	28,545	-	-	28,545
Budget surplus/(deficit) on other school funds	41,329	-	-	41,329
LGPS pension surplus/(deficit)	-	(248,000)	-	(248,000)
Net assets/(liabilities)	69,874	(248,000)	3,048,172	2,870,046

The above net assets include £69,874 that were transferred as cash.

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

24. 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 Worcestershire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £13,324 were payable to the scheme at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy 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 2014 was £41,000, of which employer's contributions totalled £33,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 13.6% for employers and 5.5 - 7.5% for employees.

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

As described in note 23 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.

ASTWOOD BANK FIRST SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

24. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	7.00	38,000
Bonds	3.80	3,000
Cash	0.50	1,000
Total market value of assets		<u>42,000</u>
Present value of scheme liabilities		<u>(326,000)</u>
(Deficit)/surplus in the scheme		<u><u>(284,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £
Present value of funded obligations	(326,000)
Fair value of scheme assets	<u>42,000</u>
Net liability	<u><u>(284,000)</u></u>

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

	2014 £
Current service cost	(31,000)
Interest on obligation	(12,000)
Expected return on scheme assets	<u>1,000</u>
Total	<u><u>(42,000)</u></u>

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

	2014 £
Current service cost	31,000
Interest cost	12,000
Contributions by scheme participants	8,000
Actuarial Losses	27,000
Liability transferred on conversion	<u>248,000</u>
Closing defined benefit obligation	<u><u>326,000</u></u>

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

24. PENSION COMMITMENTS (continued)

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

	2014
	£
Expected return on assets	1,000
Contributions by employer	33,000
Contributions by employees	8,000
	42,000

The Academy expects to contribute £36,000 to its Defined benefit pension scheme in 2015.

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

	2014
Equities	92.30 %
Bonds	6.50 %
Cash	1.20 %

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

	2014
Discount rate for scheme liabilities	4.00 %
Expected return on scheme assets at 31 August	6.42 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %
Inflation assumption (CPI)	2.20 %

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

	2014
Retiring today	
Males	23.3 years
Females	25.7 years
Retiring in 20 years	
Males	25.5 years
Females	28.0 years

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

24. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014
	£
Defined benefit obligation	(326,000)
Scheme assets	42,000
	<hr/>
Deficit	(284,000)
	<hr/>
Experience adjustments on scheme liabilities	(27,000)
	<hr/>

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from the local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

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