

**ST EDMUND'S SCHOOL
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period ended 31 August 2012

Company Registration Number: 07865850

ST EDMUND'S SCHOOL

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ST EDMUND'S SCHOOL

Reference and Administrative

Governors

Mr Neil Owen (Chairman / Member)
Mr Martyn Jones (Vice Chairman / Member) *
Mr Paul Edwards (Responsible Officer)
Miss Sarah Busby (Headteacher /Accounting Officer)
Mrs Karen Waters *
Mr Nicholas Rutt *
Mr Robert Magill
Mr Jonathan Hide
Mr Gavin Wishart (Member) *
Mrs Sharon McKinley
Mrs Kerry Herbert-Smith
Mr Alec Banks
Mrs Sara Penny
Mr Mark Castleton
Mrs Sally Reed
Mr David Linaker (Member)
Miss Linda Knapp
Mrs Samantha Dawkins
Mr Craig Ennew

* members of the Finance and Premises Committee

Clerk to Governors

Mrs Elaine Slack

Senior Management Team:

Deputy Headteacher

Mr Tristram Hobson

Assistant Headteacher

Mrs Elizabeth Addison

Assistant Headteacher

Mr Alan Henderson

Assistant Headteacher

Mrs Caroline Smith

School Business Manager

Mrs Fiona Inman

Principal and Registered Office

Church Road
Laverstock
Salisbury
Wiltshire
SP1 1RD

Company Registration Number

07865850 (England and Wales)

ST EDMUND'S SCHOOL

Reference and Administrative

Independent Auditor

Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Bankers

Lloyds TSB Bank PLC
38 Blue Boar Row
Salisbury
Wiltshire
SP1 1DA

Solicitors

Stone King LLP
16 St John's Lane
London
EC1M 4BS

ST EDMUND'S SCHOOL

Governors' Report

The Governors present their Annual Report together with the Financial Statements and Auditors' Report of the Charitable Company for the year ended 31st August 2012. The Company was incorporated on 30th November 2011 and the Academy Trust was formed on 1st February 2012.

Structure, Governance and Management

Constitution

St Edmund's Academy Trust 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 Trust.

The Governors act as the Trustees for the charitable activities of St Edmund's School, and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is St Edmund's School and known as St Edmund's Girls' School.

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

Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10.00 for the debts and liabilities contracted before they ceased to be a Member.

Governors' Indemnities

Since the incorporation of the Charitable Company on 1st February 2012 the Governors have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 12 of the Financial Statements the limit of this indemnity is £1 million.

Principal Activities

The principal activity of St Edmund's School is to provide a quality, free education for girls, aged 11 to 16, who live in the area local to the School.

In determining its intake at Year 7 the School preferentially accepts those young people who live in the town of Salisbury and the surrounding areas.

Method of Recruitment and Appointment or Election of governors

The processes for appointing or electing the various types of Governors at St Edmund's School are as follows:

- 1) *Foundation Governors* - The Salisbury Diocesan Board of Education is the appointing body for Foundation Governors, and receives nominations via Parochial Church Councils. The Articles of Association require that one third of Governors must be Foundation Governors (ie 8 Governors).

In addition to their overall role as Governors, the Foundation Governors are appointed for the purpose of upholding the Trust Deed of St Edmund's School by ensuring that the school is distinctively Christian.

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Governors' Report (continued)

- 2) *Parent Governors* – The Articles of Association require that there shall be six Parent Governors. Parents, including carers, of registered pupils at the School are eligible to stand as individuals for election as a Parent Governor. They are elected by other parents at the School as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Governor elections.

If insufficient parents stand for election, the Governing Body may appoint Parent Governors to bring their number up to that required by the Articles of Association. Such appointed Parent Governors would preferentially be parents or carers of registered pupils at the School. If however no such parents are willing to undertake the role then the Governing Body can appoint any person who is the parent or carer of one or more School-age children.

- 3) *Staff Governors* – Three Staff Governors are elected by the School staff as individuals representative of the staff of the School. Both teaching and support staff paid to work at the School are eligible for staff Governorship, with two elected from the teaching staff and one from the support staff. The Headteacher is an Ex-officio Governor.

Suitable procedures have been put in place for the conduct of Staff Governor elections.

- 4) *Community Governors* – Six Community Governors can be appointed by the Governing Body. Community Governors can be people who live or work in the community served by the School, or people who live outside of the immediate area and who are committed to the good governance and success of the School.

Vacancies for Community Governors will be posted on the School's website. Anyone expressing an interest in becoming a Community Governor will be asked to provide an appropriate Curriculum Vitae with their letter of application. Following an informal interview with the Chairman and Headteacher each application will be considered and voted on by the Governing Body.

The Governors may not appoint an employee of St Edmund's School as a Community Governor if the number of Governors employed by the School (including the Headteacher) would thereby exceed one third of the total number of Governors.

Policies and Procedures Adopted for the Induction and Training of governors

The training and induction provided for new Governors will depend on existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Induction tends to be done informally and is tailored specifically to the needs of the individual.

The Governing Body maintains a Service Level Agreement with Wiltshire Council's Governor Support service. This Agreement allows for any or all of the members of the Governing Body to attend any of the training courses provided by Wiltshire Council. All new Governors are expected to attend the New Governor Training day run by Wiltshire Governor Support.

All new Governors are actively encouraged to take advantage of the Agreement so as to gain a better understanding of the role and responsibilities of being a School Governor. Additionally, Governors with specific roles within the Governing Body are strongly encouraged to undertake specific training.

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Governors' Report (continued)

Organisational Structure

St Edmund's School has a management structure of the Governing Body and a Senior Leadership Team led by the Headteacher.

The Governing Body is responsible for appointing the Headteacher, making major strategic decisions, setting general policy and adopting an annual budget.

The Headteacher is responsible for the day to day running of the Academy.

The Governors are responsible for the strategic management of the School; including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Headteacher and staff. The latter is carried out at a number of levels for example Senior Leadership Team, Curriculum Area Leaders, Heads of Houses.

School policies are developed by senior members of the School's staff to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Governing Body and implemented as procedures and systems by the Senior Leadership Team and other designated members of staff.

Risk Management

The Governors have implemented a Risk Register and risk assessment process to assess risk, including operational areas (eg in relation to teaching, health and safety, bullying and School trips) and the control of finance. Systems or procedures have been established to manage those risks, and the Governors have ensured they have adequate insurance cover.

The Governing Body acknowledges that we have overall responsibility for ensuring that St Edmund's School has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of St Edmund's School. This enables us to ensure that the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of St Edmund's School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, as well as providing reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

Connected Organisations, including Related Party Relationships

Salisbury Diocesan Board of Education – The board is a Member of the Academy Trust Company and owns the land and buildings.

Auditor

Insofar as the governors are aware:

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

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Governors' Report (continued)

Objects and Aims

'Inspired to Achieve' - The principal aim of St Edmund's School is to provide high quality learning in a Christian context which helps all students to fulfil their academic potential as confident learners and good citizens.

Objectives, Strategies and Activities

St Edmund's School aims to:

- provide high quality teaching that challenges students and equips them for life by encouraging enquiry, empathy, originality and creativity in a positive environment
- promote and recognise high standards of achievement
- foster successful relationships characterised by an understanding of others, tolerance, trust and self-respect
- develop physical and emotional health, as well as spirituality, morality and cultural understanding
- provide equality of opportunity for all.

Key influences on the Development Plan are the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to academy status.

Key activities and targets for 2011-12 were to:

- increase the proportion of good and outstanding learning in the school through:
 - sharing of good practice through a new CPD programme, paired observations and a dedicated agenda for teaching and learning
 - extended homework tasks
 - subject based intervention activity
 - the use of differentiated objectives.
- continue to strengthen leadership across the school through:
 - CPD activity for aspiring and current middle leaders
 - self evaluation
 - student leadership activities
 - website and prospectus development.

School Development Plan Objectives for the lifetime of the current plan (2012-15)

Challenge 1: To ensure that every student in every class on every day experiences teaching and learning that is good or outstanding.

Challenge 2: To ensure that all students achieve or exceed their academic potential.

Challenge 3: To ensure outstanding provision and progression routes for all students.

Challenge 4: To achieve outstanding judgements in all four Ofsted categories.

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Governors' Report (continued)

Public Benefit

The key public benefit delivered by St Edmund's School is the maintenance and development of the high quality education provided by the School to girls aged 11 – 16 in Salisbury and the surrounding areas.

Achievements and Performance

Analysis of public examination outcomes for the academic year 2011-12

St Edmund's School has high aspirations for its students and a drive for continuous improvement. The School's analysis of examination performance is thorough, using SISRA, a web based performance analysis tool, as a facilitator. The School achieved record GCSE results for the second year running, with 73.4% of students gaining 5 A* - C grades including English and Maths. This is compared with a FFTD target of 65%. Other headline figures for 2012 include:

5 A* – C GCSE (or equivalent)	84.7%
3 A* - A GCSE	37.1%
3 Levels of progress in English between KS2 and KS4	71%
3 Levels of progress in Maths between KS2 and KS4	90%
3 Levels of progress in Science between KS2 and KS4	71%
KS4 English Baccalaureate	31.5%
KS4 average point score per student	468
KS4 average capped 8 point score per student	354
Attendance 2011 – 12	94.3%

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust 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 Statement of Accounting Policies.

Key Financial Performance Indicators

Financial Review

The majority of the School's income is obtained from the Education Funding Agency (EFA) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; ie the objects of the Academy Trust. The GAG received during the period covered by this Report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA) .

St Edmund's School received two grants from the Academies Capital Maintenance Fund in July 2012 and this is shown in the SOFA as restricted fixed asset funds. Work has commenced on improving the buildings and assets of the School and will be completed by January 2013.

In addition the School has received Devolved Formula Capital Grant (DFC). In accordance with the Charities SORP 2005, the DFC received is shown in the SOFA as restricted fixed asset funds.

On conversion on 1st February 2012 all of the fixed assets of the former School were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is

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Governors' Report (continued)

reduced by depreciation charges over the expected useful life of the assets concerned, as explained in Note 1 to the Financial Statements.

The combined General Restricted Fund and Unrestricted Fund show an operating surplus, before the actuarial losses on defined benefit pension schemes, of £414,740. This operating surplus is the result of detailed and tight budgeting and budget control procedures which were inherited from the former School, and which have been firmly embedded in the Academy Trust's daily financial management.

The Governors are aware of the large deficit that the Local Government Pension Fund is reporting. (See Note 26 to the Financial Statements).

Financial and Risk Management Objectives and Policies

Principal Risks and Uncertainties

Reserves Policy

As at the 31st August 2012 the School had a deficit restricted balance. It recognises a significant pension fund deficit for the Local Government Pension Scheme, and as this is included within the restricted funds the overall position becomes a deficit.

However, this does not mean that an immediate liability for this amount crystallises.

The deficit position of the pension scheme could result in a cash flow effect in the form of an increase or decrease in employer's contributions over a period of years. Therefore the Academy Trust aims to revisit current business plans and budgets to ascertain how pension costs might affect budgets in the future to ensure that there is no actual cash flow deficit on the fund, or direct impact on the free reserves of the Academy Trust.

The unrestricted reserves will be put towards the day-to-day running of St Edmund's School, as 2012-13 will be the first full year as an Academy. The reserves are frequently monitored to ensure a balance between spending on the current pupils on roll and the necessity to have a reserve for future uncertainties.

Investment Policy

Apart from the cash held for the operation of the School, St Edmund's School has no realisable investments. With respect to its cash holdings the Governing Body has adopted a low risk strategy with balances held in an interest bearing current account.

Plans for Future Periods

St Edmund's School will continue to work to maintain the performance of its pupils at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to further and higher education and ultimately employment.

The two capital projects will provide a refurbishment of the dining hall and main hall and new roofing for several areas of the school. The projects will enable the pupils to work within a safer and updated environment providing greater energy efficiency and compliance with current health and safety legislation.

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Governors' Report (continued)

Funds held as Custodian Trustee on behalf of others

During the period 1st February to 31st August 2012 St Edmund's School did not hold any funds as Custodian Trustee on behalf of any other Charitable organisation.

Approved by order of the members of the governing body on and signed on its behalf by:

Mr Neil Owen
Chair

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Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that St Edmund's 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring that 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 Edmund's School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Body has formally met 3 times since conversion to an Academy on 1st February 2012. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Miss L Knapp	3	3
Mrs S Reed	2	3
Rev D Linaker	1	3
Mr M Castleton	2	3
Mrs S Penny	2	3
Miss S Busby	3	3
Mr N Rutt	2	3
Mr R Magill	3	3
Mr J Hide	3	3
Mrs S McKinley	3	3
Mr G Wishart	2	3
Mrs K Herbert-Smith	2	3
Mrs S Dawkins	1	1
Dr A Banks	3	3
Mr C Ennew	0	1
Mr P Edwards	2	3
Mr N Owen	3	3
Mr M Jones	3	3
Mrs K Waters	2	3

Two Parent Governors resigned after the first meeting.

The Academy Trust has difficulties appointing Foundation Governors to serve on the Governing Body, and there are 3 vacancies to date.

The Finance and Premises Committee

A sub-committee of the main governing body. Its purpose is to oversee the Academy's financial affairs and to report as appropriate to the Governing Body. The Finance and Premises Committee has dealt with the numerous challenges involved in adjusting to Company and Charity accounting procedures.

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Governance Statement (continued)

Governor	Meetings attended	Out of a possible
Mr M Jones	4	4
Miss S Busby	4	4
Mr N Rutt	3	4
Mr G Wishart	4	4
Mrs K Waters	4	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Edmund's School for the year ended 31st August 2012 and up to the date of approval of the Annual Report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that the formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31st August 2012 and up to the date of approval of the Annual Report and financial statements is sufficient. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The Academy Trust'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 of systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Premises Committee of reports which indicate financial performance against forecasts, 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr Paul Edwards, a Governor, as Responsible Officer (RO). The RO's role includes informing the Governing Body of the outcome of RO visits purchased from an outside provider. St Edmund's School has received two RO buyback visits. No material control issues have been highlighted, and good practice recommendations have been put in place.

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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 year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Senior Leadership Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Members of the governing body on
and signed on its behalf by:

Mr Neil Owen
Chairman of Governors

Miss S Busby
Accounting Officer

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Statement on Regularity, Propriety and Compliance

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

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

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

Miss S Busby
Accounting Officer

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Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of St Edmund's School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the Members of the governing body on..... and signed on its behalf by:

Mr Neil Owen
Chair

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Independent Auditor's Report on the Financial Statements to the Governing Body of St Edmund's School

We have audited the financial statements of St Edmund's School for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 opinions we have formed.

Respective responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement set out above, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31st August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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Independent Auditor's Report on the Financial Statements to the Governing Body of St Edmund's School (continued)

- 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.

Opinion on other matters prescribed by the Academy's Funding Agreement with the Secretary of State for Education

- the financial statements have been prepared in accordance with the Financial Reporting Framework including the Accounts Direction 2011/12 issued by the EFA in respect of the relevant financial period; and
- proper accounting records have been kept.

Andrew Williams

Senior Statutory Auditor

For and on behalf of Moore Stephens (South) LLP, Statutory Auditor

33 The Clarendon Centre

Dairy Meadow Lane

Salisbury Business Park

Salisbury

Wiltshire

SP1 2TJ

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ST EDMUND'S SCHOOL

Independent Reporting Accountant's Assurance Report on Regularity to St Edmund's School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Edmund's School during the period 1 February 2012 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Edmund's School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Edmund's School and the EFA those matters we are required to state to them 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 Edmund's School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Edmund's School accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Edmund's School funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook as published by DfES in 2006, 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 in accordance with our engagement and the requirements of the Academies: Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 February 2012 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate audit 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 trust's income and expenditure. This work involved;

- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on a control activity which are relevant to regularity;
- substantive testing of individual transactions.

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Independent Reporting Accountant's Assurance Report on Regularity to St Edmund's School and the Education Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest that in all material respects the expenditure disbursed and income received during the period 1 February 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens (South) LLP
Chartered Accountants
For and on behalf of Moore Stephens (South) LLP, Statutory Auditor
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SP1 2TJ

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ST EDMUND'S SCHOOL

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

	Note	Unrestricted Funds £	Restricted General Funds £	Fixed Asset Funds £	Total 2012 £
Incoming resources					
<i>Incoming resources from generated fund:</i>					
- Voluntary income	3	84,159	-	-	84,159
- Voluntary income – transfer from local Authority on conversion	3	261,215	-	6,541,039	6,802,254
- Activities for generating funds	4	77,309	-	-	77,309
- Investment income	5	223	-	-	223
<i>Incoming resources from charitable activities:</i>					
- Funding for the Academy's educational operations	6	-	2,186,390	78,697	2,265,087
Total incoming resources		<u>422,906</u>	<u>2,186,390</u>	<u>6,619,736</u>	<u>9,229,032</u>
Resources expended					
<i>Charitable activities:</i>					
- Academy's educational operations	8	75,248	2,059,623	65,029	2,199,899
<i>Governance costs</i>	9	-	51,377	-	51,377
Total resources expended	7	<u>75,248</u>	<u>2,111,000</u>	<u>65,029</u>	<u>2,251,276</u>
Net incoming/(outgoing) resources before transfers		347,659	75,391	6,554,707	6,977,756
Gross transfers between funds	16	(2,284)	(25,025)	27,309	-
Net income/(expenditure) for the year		<u>345,375</u>	<u>50,366</u>	<u>6,582,016</u>	<u>6,977,756</u>
Other recognised gains and losses					
Brought forward defined benefit pension scheme liability	26	-	(563,000)	-	(563,000)
Actuarial (losses) gains on defined Benefit pension schemes	16,26	-	55,000	-	55,000
Net movement in funds		345,375	(457,635)	6,582,016	6,469,756
Reconciliation of funds					
Total funds brought forward at 1 February 2012		-	-	-	-
Total funds carried forward at 31 August 2012		<u>345,375</u>	<u>(457,635)</u>	<u>6,582,016</u>	<u>6,469,756</u>

Balance Sheet as at 31 August 2012

	Notes	2012 £	2012 £
Fixed assets			
Tangible assets	13		<u>6,582,016</u>
			6,582,016
Current assets			
Debtors	14	107,558	
Cash at bank and in hand		<u>560,006</u>	
		667,564	
Liabilities			
Creditors: Amounts falling due within one year	15	<u>(251,523)</u>	
Net current assets			<u>416,041</u>
Total assets less current liabilities			6,998,057
Creditors: Amounts falling due after more than one year			(1,301)
Net assets excluding pension liability			<u>6,996,756</u>
Pension scheme liability	26		<u>(527,000)</u>
Net assets including pension liability			<u>6,469,756</u>
Funds of the Academy:			
Restricted income funds			
- Fixed asset fund	16		6,582,016
- General fund	16		69,365
- Pension reserve	16		<u>(527,000)</u>
Total restricted funds			<u>6,124,381</u>
Unrestricted income funds			
- General fund	16		<u>345,375</u>
Total unrestricted funds			<u>345,375</u>
Total funds			<u>6,469,756</u>

The financial statements on pages 19 to 38 were approved by the Governors, and authorised for issue on and are signed on their behalf by:

Mr Neil Owen
Chair

ST EDMUND'S SCHOOL

Cash Flow Statement for the period ended 31 August 2012

	Notes	2012 £
Net cash inflow from operating activities	20	6,866,916
Transferred on conversion to an academy trust		261,215
Returns on investments and servicing of finance	21	223
Capital and building transfer expenditure	22	<u>(6,568,348)</u>
(Decrease)/Increase in cash in year	23	<u>560,006</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 1 February 2012		-
Net funds at 31 August 2012		<u>560,006</u>

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company 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.

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**
Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.
- **Sponsorship income**
Sponsorship income provided to the academy trust 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.
- **Donations**
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.
- **Donated Services and gifts in kind**
The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 trust's policies.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust'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.

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 St Edmund's 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 Edmund's School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income and cost of generating funds in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Assets and liabilities transferred comprise:

Land & Buildings	£6,473,983
IT Equipment	£34,993
Furniture & Equipment	£5,596
Pension deficit	£(563,000)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and 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 trust's depreciation policy.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings & improvements	2% straight line basis.
Fixtures, fittings and equipment	20% straight line basis.
ICT equipment	25% straight line basis.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased Assets

Rentals under operating leases are charged on straight line basis over the lease term.

Taxation

The academy trust 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 trust 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.

Pensions Benefits

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

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 trust 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 28, the TPS is a multi-employer scheme and the academy trust 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 trust 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

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

2. General Annual Grant (GAG)

	2012 £
a. Results and Carry Forward for the year	
GAG brought forward from previous year	-
GAG allocation for current year	<u>2,111,104</u>
Total GAG available to spend	2,111,104
Recurrent expenditure from GAG	(2,046,391)
Fixed assets purchased from GAG	-
GAG carried forward to next year	64,713
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(253,332)</u>
GAG to surrender to DfE (12% rule breached if result is positive)	<u>(188,619)</u> no breach

3. Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Gifts in Kind			
- Voluntary income - transfer from Local Authority on conversion	-	6,479,579	6,479,579
- Local Authority on conversion			
- Voluntary income - trsf on conversion unrestricted	261,215	-	261,215
Other Donations	<u>84,159</u>	-	<u>84,159</u>
	<u>345,374</u>	<u>6,479,579</u>	<u>6,824,953</u>

4. Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Other Income	2,721	-	2,721
Hire of facilities	22,658	-	22,658
Visits and trip income	17,400	-	17,400
Catering Income	<u>34,530</u>	-	<u>34,530</u>
	<u>77,309</u>	-	<u>77,309</u>

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Bank Interest Received	<u>223</u>	-	<u>223</u>
	<u>223</u>	-	<u>223</u>

6. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DfE/EFA capital grant			
Formula allocation transferred on conversion	-	61,460	61,460
Academy main building grant	-	<u>78,697</u>	<u>78,697</u>
	-	<u>140,157</u>	<u>140,157</u>
DfE/YPLA revenue grants			
- General Annual Grant (GAG) (Note 2)	-	2,111,104	2,111,104
- Other DfE/YPLA Grants	-	<u>70,331</u>	<u>70,331</u>
	-	<u>2,181,435</u>	<u>2,181,435</u>
Other Government Grants			
- Other Grants	-	3,671	3,671
- SEN from LA	-	<u>1,284</u>	<u>1,284</u>
	-	<u>4,955</u>	<u>4,955</u>
	-	<u>2,326,547</u>	<u>2,326,547</u>

7. Resources Expended

	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2012 £
Academy's educational operations				
- Direct costs	1,468,431	65,029	194,345	1,727,805
- Allocated support costs	<u>330,082</u>	<u>65,321</u>	<u>76,691</u>	<u>472,094</u>
	<u>1,798,513</u>	<u>130,350</u>	<u>271,036</u>	<u>2,199,899</u>
Governance costs including allocated support costs	-	-	<u>51,377</u>	<u>51,377</u>
	<u>1,798,513</u>	<u>130,350</u>	<u>322,413</u>	<u>2,251,276</u>

	2012 £
Incoming/outgoing resources for the year include:	
Operating leases	-
Fees payable to auditor - audit	5,500
- other services	1,850

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Direct costs			
Teaching and educational support staff costs	-	1,468,431	1,468,431
Depreciation	-	65,029	65,029
Educational supplies	-	79,733	79,733
Examination fees	-	23,315	23,315
Staff development	-	5,541	5,541
Educational consultancy	-	19,004	19,004
ICT costs	-	52,471	52,471
Trips and visits expenditure	<u>14,281</u>	-	<u>14,281</u>
	<u>14,281</u>	<u>1,713,524</u>	<u>1,727,805</u>
Allocated support costs			
Support staff costs	43,305	286,777	330,082
Recruitment and support	-	7,725	7,725
Maintenance of premises and equipment	-	20,361	20,361
Cleaning	-	17,332	17,332
Rent & rates	-	9,219	9,219
Light & Heat	-	24,458	24,458
Telephones	-	2,453	2,453
Insurance	-	14,882	14,882
Security and transport	-	3,527	3,527
Catering	17,662	-	17,662
Subsistence & Related Costs	-	2,308	2,308
Bank interest and charges	-	195	195
Other support costs	-	21,662	21,662
Interest charged on finance leases	-	228	228
	<u>60,967</u>	<u>411,128</u>	<u>472,094</u>
	<u>75,248</u>	<u>2,124,652</u>	<u>2,199,899</u>

9. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	25,027	25,027
Auditor's remuneration			
- Audit of financial statements	-	7,350	7,350
LGPS Support costs	<u>-</u>	<u>19,000</u>	<u>19,000</u>
	<u>-</u>	<u>51,377</u>	<u>51,377</u>

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

10. Staff costs

	2012 £
Staff costs during the period were:	
Wages and salaries	1,476,946
Social security costs	102,633
Other Pension costs	<u>201,123</u>
	<u>1,780,702</u>
Supply teacher costs	<u>17,812</u>
	<u><u>1,798,514</u></u>

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

	2012 No
Charitable Activities	
Teachers	37
Administration and support	37
Management	<u>5</u>
	<u>79</u>

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

£60,001 - £70,000	0
£70,001 - £80,000	0
£80,000 +	<u>0</u>

11. Governors' remuneration and expenses

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors. The value of governors' remuneration was as follows, none of this was received in their role as governors but as employees of the Academy:

Headteacher	S Busby	£35,000- £40,000
Other staff Governor	J Hide	£15,000- £20,000
Other staff Governor	R Magill	£15,000- £20,000
Other staff Governor	N Rutt	£15,000- £20,000

During the period ended 31 August 2012, no expenses were reimbursed to governors.

Other related party transactions involving the trustees are set out in Note 27.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

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 £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £760.

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

13. Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 February 2012	-	-	-	-
Transfer on conversion	6,473,983	5,596	34,993	6,514,572
Additions	108,993	3,099	20,441	132,473
At 31 August 2012	<u>6,582,916</u>	<u>8,695</u>	<u>55,434</u>	<u>6,647,045</u>
Depreciation				
At 1 February 2012	-	-	-	-
Charged in year	58,500	911	5,618	65,029
At 31 August 2012	<u>58,500</u>	<u>911</u>	<u>5,618</u>	<u>65,029</u>
Net book values				
At 31 August 2012	<u>6,524,416</u>	<u>7,784</u>	<u>49,816</u>	<u>6,582,016</u>

The land and buildings were valued on the depreciated replacement cost method in an exercise undertaken by the Education Funding Agency as at the 31 August 2012. The land is valued at £1,459,656 and the buildings at £5,014,327. The Academy has not obtained a separate valuation. The Academy did not consider it an effective use of public funds to obtain an additional valuation.

14. Debtors

	2012
	£
Trade debtors	-
Prepayments	33,709
Sundry debtors	73,849
	<u>107,558</u>

15. Creditors: amounts falling due within one year

	2012
	£
Other creditors	137,634
Accruals and deferred income	113,889
	<u>251,523</u>

Deferred income

	2012
	£
Deferred Income at 1 February 2012	-
Resources deferred in the year	113,889
Deferred Income at 31 August 2012	<u>113,889</u>

Deferred income relates to income which was received in the period to 31 August 2012 but actually relates to the year ended 31 August 2013.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

16. Funds

	Incoming Resources £	Resources Expended £	Gains Losses and Transfers £	Balance at 31 August 2012 £
Restricted general funds				
General Annual Grant (GAG)	2,111,104	(2,046,391)	(25,025)	39,688
Other DfE/EFA grants	70,331	(40,654)	-	29,677
LEA and other grants	4,955	(4,955)	-	-
Other restricted	-	(19,000)	(508,000)	(527,000)
	<u>2,186,390</u>	<u>(2,111,000)</u>	<u>(533,025)</u>	<u>(457,635)</u>
Restricted fixed asset funds				
DfE/YPLA capital grants	140,157	(65,029)	-	75,128
Donated assets	-	-	6,479,579	6,479,579
Capital expenditure from GAG	-	-	27,309	27,309
	<u>140,157</u>	<u>(65,029)</u>	<u>6,506,888</u>	<u>6,582,016</u>
Total restricted funds	<u>2,326,547</u>	<u>(2,176,029)</u>	<u>5,973,863</u>	<u>6,124,381</u>
Unrestricted funds				
Unrestricted funds	<u>422,906</u>	<u>(75,248)</u>	<u>(2,284)</u>	<u>345,374</u>
Total unrestricted funds	<u>422,906</u>	<u>(75,248)</u>	<u>(2,284)</u>	<u>345,374</u>
Total funds	<u>9,229,032</u>	<u>(2,251,276)</u>	<u>(508,000)</u>	<u>6,469,756</u>

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

The fixed asset fund was created based on the EFA valuation of the school's land and buildings which are provided by the Salisbury Diocese for the school to use for as long as they are required. The cost is reflected in order to ensure there is adequate substance over form for accounting purposes. Additional assets are added to the fund, as they are acquired, and they will be written down by depreciation each year. The restricted general funds are made up of the General Annual Grant received, to be spent on education within the Academy, and other related DfE or other authority grants. Unrestricted funds are general donations and fund raising activities of the Academy and are used to support the provision of education with the Academy.

17. Analysis of net assets between funds

	Unrestricted General Fund £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total Funds £
Tangible fixed assets	-	-	6,582,016	6,582,016
Current assets	-	667,564	-	667,564
Current liabilities	-	(251,523)	-	(251,523)
Long term liabilities	-	(1,301)	-	(1,301)
Liabilities falling due after more than one year				
Pension scheme liability	(527,000)	-	-	(527,000)
Total net assets	<u>(527,000)</u>	<u>414,740</u>	<u>6,582,016</u>	<u>6,469,756</u>

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

18. Capital commitments

2012
£

Contracted for, but not provided in the financial statements 44,364

19. Financial commitments

Operating leases

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

2012
£

Land and buildings

Expiring within one year -
Expiring within two and five years inclusive -
Expiring in over five years -

-

-

Other

Expiring within one year -
Expiring within two and five years inclusive 7,577
Expiring in over five years -

-

7,577

20. Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

2012
£

(Deficit)/surplus on continuing operations after depreciation of assets at valuation 6,716,541
Transferred on conversion to an Academy Trust 261,215
Depreciation (Note 13) 65,029
Capital grants from DfE and other capital income (78,697)
Interest receivable (Note 5) (223)
FRS 17 pension cost less contributions payable (Note 27) 10,000
FRS 17 pension finance income (Note 27) 9,000
(Increase)/decrease in debtors (107,558)
(Increase)/decrease in creditors 251,523
(Increase)/decrease in liabilities due after one year 1,301

Net cash inflow from operating activities **7,128,131**

21. Returns on investments and servicing of finance

Interest received 223
Net cash inflow from returns on investment and servicing of finance **223**

22. Capital expenditure and financial investment

School buildings (6,647,045)
Capital grants from Dfe/YPLA 78,697
Net cash outflow from capital expenditure and financial investment **(6,568,348)**

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

23. Analysis of charges in net funds

	Cash flows	At 31 August 2012
	£	£
Cash in hand and at bank	<u>560,006</u>	<u>560,006</u>
	<u>560,006</u>	<u>560,006</u>

24. Contingent Liabilities

There were no contingent liabilities as at 31 August 2012.

25. 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 he/she ceases to be a member.

26. Pension and similar obligations

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

Teachers' Pension Scheme

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

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

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

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

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

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (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 and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £103,000, of which employer's contributions totalled £80,000 and employees' contributions totalled £23,000. The agreed contribution rates for future years are 23.4 per cent for employers and between 5.5% and 7.5% for employees.

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Notes to the Financial Statements for the period ended 31 August 2012 (continued)

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.50%	0.00%
Rate of increase for pensions in payment/inflation	2.20%	0.00%
Discount rate for scheme liabilities	4.10%	0.00%
Inflation assumption (CPI)	2.20%	0.00%
Commutation of pensions to lump sums	0%	0%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2012	Approximate % increase in Employer liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	12%	186
1 year increase in member life expectancy	3%	47
0.5% increase in the Salary Increase Rate	5%	79
0.5% increase in the Pension Increase Rate	6%	103

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	21.3	0
Females	23.6	0
<i>Retiring in 20 years</i>		
Males	24.9	0
Females	25.5	0

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Notes to the Financial Statements for the period ended 31 August 2012 (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 2012	Fair value at 31 August 2012 £
Equities	67.00%	706,000
Gilts	0.00%	-
Other Bonds	19.00%	200,000
Property	11.00%	116,000
Target Porfolio Return	0.00%	32,000
Cash	3.00%	<u>-</u>
Total market value of assets		1,054,000
Present value of scheme liabilities		
- Funded		<u>(1,581,000)</u>
Surplus/(deficit) in the scheme		<u>(527,000)</u>

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 February 2012 for the period to 31 August 2012). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on the scheme assets was £15,000.

Amounts recognised in the statement of financial activities

	2012 £
Current service cost (net of employee contributions)	90,000
Past service cost	<u>-</u>
Total operating charge	<u>90,000</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(30,000)
Interest on pension liabilities	<u>39,000</u>
Pension finance income/(costs)	<u>9,000</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £55,000 gain.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

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

	2012 £
At 1 February 2012	1,484,000
Current Service cost	90,000
Interest cost	39,000
Employee contributions	23,000
Actuarial (gain)/loss	<u>(55,000)</u>
At 31 August 2012	<u>1,581,000</u>

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

	2012 £
At 1 February 2012	921,000
Expected return on assets	30,000
Employer contributions	80,000
Employee contributions	<u>23,000</u>
At 31 August 2012	<u>1,054,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £204,000.

27. Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. The board of governors are required to disclose any such transactions in the academy's register of interests. In the year to the 31 August 2012, no such transactions were disclosed and no such transactions were noted.

28. Conversion to an academy trust

On 1 February 2012 St Edmund's CE Girls' School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Edmund's School Academy Trust from Wiltshire Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed asset			
- Freehold/Leasehold land and buildings	-	6,473,983	6,473,983
- Other tangible fixed assets	-	40,589	40,589
Budget surplus /(deficit) on LA funds	406,835	-	406,835
LGPS pension surplus/(deficit)	(563,000)	-	(563,000)
Borrowing obligations	(29,238)	-	(29,238)
Net (assets/liabilities)	<u>(185,403)</u>	<u>6,514,572</u>	<u>6,329,169</u>

The above net (assets/liabilities) include £335,506 that were transferred as cash.

ST EDMUND'S SCHOOL

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

31. Statement of Income and Expenditure for the year ended 31 August 2012

	Notes	2012 £
Income		
DfE/YPLA General Annual Grant (GAG)	6	2,111,104
DfE/YPLA Capital Grants	6	140,157
Other DfE/YPLA Grants	6	70,331
Other Government Grants	6	4,955
Voluntary Income	3	6,824,953
Investment Income	5	223
Activities for generating funds	4	<u>77,309</u>
Total Income		9,229,032
Expenditure		
Staff Costs	7	1,798,513
Non pay expenditure:		
- Premises	7	65,321
- Other	7	322,413
Depreciation	13	<u>65,029</u>
		2,251,276
		<hr/>
Net Income/(Expenditure) for the year		<u>6,977,756</u>

The income and expenditure is derived from the Statement of Financial Activities on page 19 which, together with the notes to the Financial Statements on pages 22 to 38 provides full information on the movements during the year on all the funds of the Academy Trust.

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