

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

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

<b>Members</b>	Ann-Marie Briggs David Cottrell Christopher Giffin (resigned 14 October 2014) Nigel Rothwell
<b>Trustees</b>	Ann-Marie Briggs, Community - Chair <sup>1</sup> Sally Davies OBE, Principal & Accounting Officer <sup>1</sup> David Cottrell, Vice-Chair <sup>1</sup> Peter Dervin, Parent <sup>1</sup> Annabelle Dyas, Staff (appointed 14 October 2014) Christopher Giffin, Community (resigned 14 October 2014) <sup>1</sup> Vaughan Gregory, Staff (appointed 14 October 2014) Stephen Grout, Parent (appointed 2 September 2013) Steven Hile, Parent, previously Co-opted until 14 October 2014 <sup>1</sup> Andrew Hunter, Community (appointed 14 October 2014) Clare Impleton, Staff (resigned 25 March 2014) David Lane, Parent, previously Co-opted until 25 March 2014 <sup>1</sup> Ann Lawrence, Community Carolyn Mitchell, Staff Gillian Padbury-Clark, Parent (resigned 25 March 2014) Ellen Pearce, Staff (appointed 14 October 2014) Lynn Porter, Parent Georgina Pryke, Staff (appointed 2 September 2013) <sup>1</sup> Susan Reid, Staff (resigned 28 February 2014) <sup>1</sup> Mark Ross, Co-opted - Responsible Officer Nigel Rothwell, Community <sup>1</sup> Elizabeth Smart, Staff <sup>1</sup> Claire Smith, Community <sup>1</sup>

<sup>1</sup> Members of the Management Group which include Audit Committee responsibilities

Steven Hile was appointed to the Management Group on 14 October 2014. Christopher Giffin was a member until 14 October 2014. All other members of the Group were in position before the commencement of the financial year.

<b>Company registered number</b>	07747149
<b>Principal and registered office</b>	Slades Lane Galleywood Chelmsford Essex CM2 8RW
<b>Company secretary</b>	Carol Smee
<b>Chair of Governors</b>	Ann-Marie Briggs
<b>Senior management team</b>	Principal, Sally Davies OBE Deputy Principal and Head of College, Elizabeth Smart Head of School, Georgina Pryke Assistant Headteacher, David Hutton Assistant Headteacher, Diane Rigg Head of Enterprise & Employability, Debbie Turner Business Manager, Jacqueline Harper

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**Administrative details (continued)**

<b>Independent auditors</b>	MWS Chartered Accountants Statutory Auditor Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
<b>Bankers</b>	National Westminster Bank PLC National Westminster House 4-5 High Street Chelmsford Essex CM1 1FZ
<b>Solicitors</b>	Browne Jacobson LLP 44 Castle Gate Nottingham NG1 7BJ

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

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of Thriftwood School (the academy) for the year ended 31 August 2014. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

**Structure, governance and management**

**a. CONSTITUTION**

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association dated 18 August 2011.

The academy is constituted under a Memorandum of Association dated 18 August 2011.

The principal activity of The Academy is to provide education for boys and girls in the age range 5 to 19 who have a Statement of Special Educational Needs ("SEN"). A school which has pupils in the age-range 5 to 14 is located in Galleywood, Chelmsford, Essex and has approximately 135 pupils. A separate site in the Melbourne area of Chelmsford, known as Thriftwood College commenced operations in September 2013 with 20 students and in September 2014 increased to approximately 89 students in the age-range 14 to 19.

**b. MEMBERS' LIABILITY**

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

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

New trustees will be appointed to the board by the existing trustees for a period of four years from the date of their initial appointment. At the end of their four year term, retiring trustees are eligible for re-election for a further term. Parent trustees remain on the board for the period of their appointment, even if their son or daughter has left the School, but must thereafter retire or be appointed in an alternative trustee role.

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The trustees have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New trustees will then be sought with these skills, either as additional trustees or replacements when existing trustees stand down. It is anticipated that the great majority of new trustees will be drawn from the local community being either parents or guardians of pupils and students at the School or others that have shown an interest in the future wellbeing of the School and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communications to those within Essex.

Individual trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. Trustees and teaching staff meet regularly to review specific areas of development of the School and share joint training on relevant topics.

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

**e. ORGANISATIONAL STRUCTURE**

The trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company and approving decisions reserved to trustees.

The trustees meet as a board at a minimum of 3 times each year. All decisions reserved to the trustees are taken by the board as a whole. An executive committee of the board, the "Management Group" meets at least 6 times each year to consider, challenge and approve matters on which it has delegated authority. The committee also considers issues requiring approval by the full governing board and makes recommendations to the full board. Other Committees are constituted where required by statute, or as required to maintain the orderly running of the School, for example, Health & Safety, Safeguarding, School Improvement. The powers are delegated to the full board, the Management Group or individual committee as detailed in a document generated by the board in accordance with the Decision Planner issued by the Department for Education ("DfE").

The Responsible Officer has an oversight role in relation to the systems and processes of control and risk management that operate throughout The Academy. The Responsible Officer has delegated the performance of detailed reviews to Education Finance Support, Essex County Council. Education Finance Support provides detailed reports of its reviews to the Responsible Officer for appropriate follow-up action.

An Audit Committee has not been established as the trustees believe that the oversight provided by other committees and the Responsible Officer is sufficient in the context of The Academy's activities.

The Principal is the Accounting Officer and works closely with both the other trustees and the senior staff of The Academy.

The day-to-day management of The Academy rests with the Principal who has overall responsibility for The Academy. The Principal is responsible for establishing a Senior Leadership Team ("SLT"), including the Business Manager and the Heads of School and College.

The SLT line-manage the Academy's staff which includes teachers, learning support assistants, administrative, site, catering and technicians.

Each year the SLT meets to prepare a Academy Improvement Plan ("AIP") and this is subsequently presented to trustees for consideration, challenge and approval. The AIP details strategic aims and academic targets as well as initiatives to further develop The Academy community. An objective of the SLT is to ensure all-round excellence within The Academy and the best possible education for the students as well as good working conditions for staff. In addition, consideration of activities and facilities provided for the wider community are also included within the AIP. Once agreed, management has responsibility for delivering the plan and reporting progress on a regular basis to the board of trustees.

Coordinated with the objectives of the AIP is the annual financial plan, budget and asset management plan which is the responsibility of the Principal and Business Manager. The plan and budget are presented to the Management Group for consideration, challenge and discussion, prior to making a recommendation to the board of trustees. Once approved, the Business Manager monitors income, expenditure and capital spending and regularly reports the financial status to the Principal, Management Group and full trustee board.

**f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

During the year the Academy had transactions with a governor, Claire Smith, as CJS Support.

**g. RISK MANAGEMENT**

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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

**h. TRUSTEES' INDEMNITIES**

In accordance with normal commercial practice, The Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors and omissions occurring whilst on the business of The Academy. The insurance provides an aggregate limit of indemnity of £2,000,000.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The objectives and aims for which the charitable company was established are set down in the governing document as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school specially organised to make special educational provision for pupils with Special Educational Needs ("the Special School"); and
- To promote for the benefit of individuals living in Galleywood, Chelmsford and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The principal activity of The Academy is to run a school and college for boys and girls in the age range 5 to 19 who have a Statement of Special Educational Needs. The school is located in Galleywood, Chelmsford, Essex and, at the date of this report, has approximately 105 students. The college is located in the Melbourne area of Chelmsford and provides educational facilities appropriate to the upper age range of pupils, and, at the date of this report, has approximately 86 students.

**c. ACTIVITIES FOR ACHIEVING OBJECTIVES**

In order to provide exceptional learning opportunities for students of The Academy, management concentrate on four key priorities:

- a) Outstanding teaching and learning – the aim is to provide outstanding teaching to promote intellectual challenge and the highest possible achievement for each student
- b) Care for the individual – the structures and ethos of The Academy ensure care for the individual and support for the learning of each individual student
- c) A fit place to learn – the aim is to provide an inspirational and well-run environment in which students can learn and grow in settings appropriate to their age
- d) Aspirational leadership – every leader in The Academy keeps their area of responsibility under review, competing with the best

In addition, The Academy aims to provide specialist outreach services into local schools (both Special Needs and Mainstream) to improve the provision of learning to students with SEN in those establishments.

The Academy, in association with its partners, aims to provide relevant support to both students and families from The Academy and the local communities in which The Academy operates.

**d. PUBLIC BENEFIT**

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the

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**FOR THE YEAR ENDED 31 AUGUST 2014**

guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this trustees' annual report.

*Benefits & Beneficiaries*

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school and college. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school and college.

*Trustees' Assessment of Public Benefit*

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the trustees gather evidence of the success of The Academy's activities by reviewing progress against targets set in the School Improvement Plan.

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**Strategic report**

**Achievements and performance**

**a. GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**b. REVIEW OF ACTIVITIES**

- The Academy is fully staffed with a significant increase in the number of qualified teachers and other specialist staff, specialising in SEN provision to support the increase in pupil/ student numbers
- The Academy has extended the upper age range of students from 16 to 19
- The expansion to 2 sites has enabled the School to be split between a lower school with an age range from 5 to 14 and an upper college with an age range of 14 to 19
- Significant work has been undertaken to develop appropriate learning strategies for post-16 students
- The college premises were officially handed over to the School in December 2013 and the facilities at the premises are being developed to enable post-14 educational opportunities to be provided in an appropriate setting
- The Academy has retained specialist status for Business and Enterprise
- The Academy has maintained Fair Trade status
- Forest School accredited trainers
- The Academy received an Excellence in Education in Enterprise Award (Warwick University)
- The Academy has developed a research-based approach to school improvement in conjunction with Coventry University
- The Academy continues to develop its capacity for providing training and professional development in SEN for teachers, support staff and other schools and agencies
- The Principal was awarded the OBE for services to SEN

**Impact of Activities & Events and Assessment of Public Benefit**

- The Academy works with many organisations. Trustees can monitor the benefit from working with these organisations through reports and feedback
- Through the Acorn centre, the Academy provides courses on SEN for professional staff from other schools and agencies



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**FOR THE YEAR ENDED 31 AUGUST 2014**

- The Apex Support Group was established in the year and has been very successful in supporting parents of children with SEN
- A number of after school and holiday clubs and activities have been provided for students and other local members of the community
- Jack Petchey Foundation awards which enables the Academy to recognise, reward and celebrate students achievements
- All students leaving the school progress to post-16 learning in other educational establishments, or transition into the Thriftwood College post-16 provision
- Working within the community running Fairtrade Stalls in markets and various other locations
- Working within the Essex Special Schools Educational Trust (ESSET) to further educational opportunities for children with SEN in Essex

**c. INVESTMENT POLICY AND PERFORMANCE**

The trustees' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of The Academy that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Academy's current policy is to invest surplus funds in short-term cash deposits.

**Financial review**

**a. PRINCIPAL RISKS AND UNCERTAINTIES**

The trustees maintain a register of business risk which is a living document, regularly reviewed and updated. Risks are maintained in 8 main categories and are allocated a degree of severity of impact based on level of risk and likelihood of an event occurring. The risk document and the underlying risks within the document are reviewed by the Management Group on a regular basis.

The trustees have identified the following key risks to The Academy:

- a) A drop in student numbers would result in lower funding levels and possibly in unviable class groups. At present, demand for places at the Academy is at a high level and a waiting list is maintained to limit intake to acceptable levels to maintain the exceptional learning experience for students.
- b) The Local Authority controls admissions to the Academy. A reduction in referrals could have an impact on funding as described in a) above. At the present time The Local Authority is unable to meet demand for places in special schools and there is great pressure on the Academy to take additional students.
- c) The Academy is exposed to fluctuations in government funding. Indicative funding levels from the Education Funding Agency are monitored to ensure that short to medium term obligations can be met and any changes in funding can be managed to protect the Academy.
- d) During 2013, the Academy negotiated a 123 year lease from Essex County Council of a suitable building in Chelmsford to enable provision to be expanded to age 19. Risks involve funding for the improvements to the building required to provide adequate facilities and will also be subject to the risks identified in b) and c) above. The Academy is working with relevant professional companies to design and refurbish the new premises and The Academy and governing body are monitoring progress regularly to minimise the inherent risk in this development.
- e) Along with other state schools and many other public bodies, The Academy is also exposed to fluctuations in the value of the Local Government Pension Scheme. The scheme is presently underfunded and The Academy is paying additional contributions into the scheme with the aim of eradicating the deficit over a 20 year period. The amount being paid could either increase or decrease in line with market conditions. The SLT and trustees are monitoring the situation and consider the additional amount payable to be affordable at present and have a reasonable expectation that the situation will remain affordable in the short to medium term.
- f) If The Academy was to experience significant changes in staffing due to retirement or progression, there is a risk that The Academy could become exposed and underperform. The SLT and trustees monitor staffing levels through the Principal and are satisfied that adequate succession planning is in place to

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**FOR THE YEAR ENDED 31 AUGUST 2014**

- mitigate this risk.
- g) The Academy is undergoing a significant increase in pupil and student numbers. To meet the learning needs, additional staff members have been recruited and recruitment will continue. The increase places additional burdens on the SLT to integrate the staff into the ethos of The Academy without a risk to the performance of the teaching staff.
- h) With rapid advances in technology, there is the possibility that The Academy could be challenged to keep up with the pace of change. The Academy strives to provide students and staff with good quality equipment and employs relevant staff to maintain the capability of The Academy to meet student and staff needs for up-to-date IT infrastructure.

**b. RESERVES POLICY**

The trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The trustees intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the charitable company had free reserves of £53,622 (2013: £158,031). The trustees intend to utilise these reserves in the near future to enhance the education of students.

The charitable company also had restricted general funds at the balance sheet date of £76,163 (2013: £240,676). The trustees intend that these funds will be used within the next financial year in furtherance of the charitable company's educational objectives and in line with the restrictions applying.

The charitable company had a deficit on the pension reserve of £1,218,000 (2013: £1,217,000) arising primarily from the transfer of employees who are members of the Local Government Pension Scheme (LPGS) to the Academy on conversion. The Academy is planning to eliminate the deficit on the reserve over the lifetime of the existing employees based on advice provided by the LPGS Actuary.

**c. PRINCIPAL FUNDING**

The predominant source of The Academy's income is provided by the Education Funding Agency (EFA) in the form of recurring grants. The principal grants are the general annual grant (GAG) and the Local Authority Central Spend Equivalent Grant (LACSEG). Other smaller grants are received from the EFA. Each of the foregoing grants is "restricted" to particular purposes for the running of The Academy and providing services in accordance with the schools objectives. During the year to 31 August 2014, the grants received were £2,054,194 (2013: £1,860,751) and are shown as restricted funds in the statement of financial activities.

Other sources of funding are "unrestricted" and are mainly monies collected from parents/ carers for student trips, monies gifted by the Parents and Friends Association and income from lettings of parts of the premises to third parties.

At the year-end, The Academy held funds and reserves totalling £10,192,805 (2013: £9,104,004) of which £10,139,184 (2013: £8,945,973) was classified as restricted and £53,621 (2013: £158,031) which was classified as unrestricted. Details are provided in Note 15 to the accounts.

For capital projects, The Academy receives fixed asset grants from the EFA and Demographic Growth Capital Fund (DGCF). In 2014 these grants amounted to £946,765 (2013: £215,342). Other funding for the purposes of acquiring fixed assets amounted to £100,000 (2013: £250,000) and was the result of donations from the local authority. In addition to that were donations of fixed assets amounting to £10,014 and other non government grants for capital expenditure of £35,000.

At 31 August 2014 the net assets of The Academy were £10,192,805 (2013: £9,104,004). The net assets are used wholly for the purposes of providing The Academy's objectives in furtherance of education of The Academy's students and associated activities.

The Academy achieved an operating surplus of £1,088,801 (2013: £6,877,564) in the year to 31 August 2014,

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due to the tight fiscal management of The Academy's finances in line with the rigorous budgets set.

On 29 November 2013, The Academy signed a lease with Essex County Council (ECC) for the college building in the Melbourne area of Chelmsford. The lease-end date is coterminous with the lease of the existing school site in Galleywood and is at a peppercorn rent. The value of the land and buildings, at the point of transfer, was approximately £6,582,508 which was capitalised in the accounts for the year to 31 August 2013. Significant further expenditure has been incurred in the current financial year. Certain areas of the building have been sub-let to the prior users of the site under leases drawn up between The Academy, ECC and the tenants.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

**Future Strategy**

The Academy plans to continuously improve the educational experience of students within the school and college and to develop staff skills to enable this improvement to be attained. The Academy also plans to develop the range of provision for students from the ages of 16 to 19 through the development of Thriftwood College. Within the next five years, it is planned that the number of students at the school and college will increase from a level of approximately 190 to a level of approximately 236. The Academy also plans to build on its capability to provide expert assistance to other schools and agencies to support their teaching of SEN students.

The Academy has partnerships with many other organisations and agencies and these partnerships will be developed and further partnerships established reflecting the increased age range of the students, in order to meet The Academy's charitable objectives.

**Future Activities & Events**

The Academy commenced post-16 provision in September 2013, with an initial intake of 19 students. A second site was acquired and is being developed to ensure that the utilisation of both of the sites in the best interests of students and staff. As numbers increase, there will be continuous monitoring and review to ensure the best possible educational provision for all students of The Academy.

In November 2014, The Academy was approved as a sponsor by the DfE and is in the process of converting to a multi-academy trust which will be known as the SEAX Academy Trust. The trustees are planning to sponsor a converter academy from an existing school which is designated for children with a Statement of Special Educational Needs with primarily behavioural difficulties. The new sponsored academy is likely to be formed in 2015 within the next financial year and will become part of the SEAX Academy Trust.

**Impact of Future Activities & Events**

The trustees will develop additional monitoring tools to reflect the changes from the increasing student and staff numbers, as well as continuing to use the key measures currently in use (see prior information). If the SEAX Academy Trust is formed, a review of the governing processes for the Trust will be developed, and a revised governance structure will be required.

**Public Benefit**

The trustees will work closely with the SLT to establish monitoring tools to assess the implications on student outcomes and the financial implications of the move into post-16 education and the addition of a second site for The Academy, in line with the commitments made in the application to the DfE for the extension of The Academy's age range.

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**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Although the company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors and other funders, The Academy does not hold, and the trustees do not anticipate that it will in the future hold, any funds as custodian for any third party.

**DISCLOSURE OF INFORMATION TO AUDITORS**

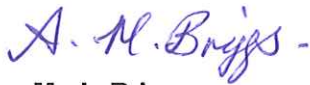
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

**AUDITORS**

The auditors, MWS, have indicated their willingness to continue in office.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 2 December 2014 and signed on the board's behalf by:



**Ann-Marie Briggs**  
**Chair of Trustees**

**Sally Davies OBE**  
**Accounting Officer**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Thriftwood 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 Principal, 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 Thriftwood 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 year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ann-Marie Briggs, Community - Chair	5	5
Sally Davies OBE, Principal & Accounting Officer	5	5
David Cottrell, Vice-Chair	5	5
Peter Dervin, Parent	4	5
Christopher Giffin, Community	4	5
Stephen Grout, Parent	5	5
Steven Hile, Parent, previously Co-opted until 14 October 2014	5	5
Clare Impleton, Staff	2	2
David Lane, Parent, previously Co-opted until 25 March 2014	3	5
Ann Lawrence, Community	5	5
Carolyn Mitchell, Staff	5	5
Gillian Padbury-Clark, Parent	0	2
Lynn Porter, Parent	3	5
Georgina Pryke, Staff	5	5
Susan Reid, Staff	2	2
Mark Ross, Co-opted - Responsible Officer	2	5
Nigel Rothwell, Community	4	5
Elizabeth Smart, Staff	5	5
Claire Smith, Community	5	5

An executive committee of the board, the "Management Group" meets at least six times each year to consider detailed matters and recommend decisions to the full board. Other trustees are invited to the meetings, and the majority attend, but are not able to vote.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ann-Marie Briggs (Chair)	6	7
Sally Davies (Principal)	7	7
David Cottrell	6	7
Peter Dervin	7	7
Christopher Giffin	6	7
David Lane	7	7
Georgina Pryke (appointed 2 September 2013)	7	7
Susan Reid (resigned 28 February 2014)	4	4

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**GOVERNANCE STATEMENT (continued)**

Nigel Rothwell	7	7
Elizabeth Smart	6	7
Claire Smith	6	7

The trustees have set up a working group to review the work of the board of trustees. It is planned, that following the review, any changes proposed will be implemented at the same time as the establishment of the multi academy trust.

**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 economically. The system of internal control has been in place in Thriftwood School for the year 1 September 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 year 1 September 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 Management Group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mark Ross, a Trustee, as Responsible Officer (RO).

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

During the year under review, minor weaknesses have been observed and modified procedures have been implemented to address all of the weaknesses identified.

**REVIEW OF EFFECTIVENESS**

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

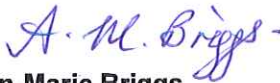
**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

- the work of the 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 Management Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Trustees' report, incorporating a strategic report, approved by the order of the board of trustees, as the company directors, on 2 December 2014 and signed on its behalf, by:



**Ann-Marie Briggs**  
**Chair of Trustees**



**Sally Davies**  
**Accounting Officer**

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Thriftwood 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 (2013).

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 (2013).

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.



**Sally Davies**  
**Accounting Officer**

Date: 2nd December 2014



**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

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

The Trustees (who act as governors of Thriftwood 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 on 2 December 2014 and signed on its behalf by:



**Ann-Marie Briggs**  
**Chair of Trustees**

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THRIFTWOOD SCHOOL**

We have audited the financial statements of Thriftwood School for the year 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 Trustees, 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 Trustees 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 Trustees, 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 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' Annual Report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THRIFTWOOD 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.



Mr Jonathan Gornidge FCA (Senior statutory auditor)

for and on behalf of

**MWS**

Chartered Accountants  
Statutory Auditor

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE  
2 December 2014

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

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

In accordance with the terms of our engagement letter dated 30th May 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 Thriftwood School during the year 1 September 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 Thriftwood School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Thriftwood 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 Thriftwood School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THRIFTWOOD SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Thriftwood School's funding agreement with the Secretary of State for Education dated 18th August 2011, 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 year 1 September 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.

Based upon our risk assessment of material non-compliance, we carried out detailed testing of the specific income streams from the EFA, and the related expenditure streams, to which specific conditions had been attached.

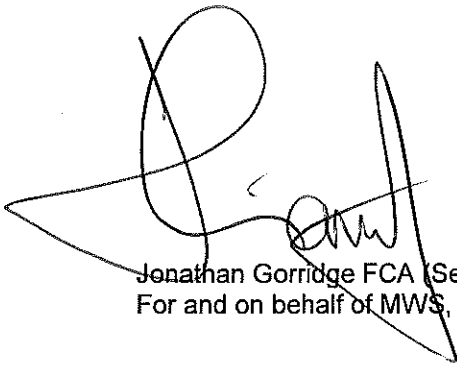
We evaluated the control environment of the Academy Trust, extending the procedures required for the financial statements to include regularity. We tested a sample of the specific control activities over regularity of particular activities. We confirmed that the Academy Trust had not entered into any borrowing arrangements. We carried out substantive testing of fixed assets to confirm that no sales of any assets had taken place. We reviewed cash payments made by the school for any unusual transactions and verified the nature of said transactions. We reviewed the list of suppliers to consider whether any supplies were made by related parties connected to the Principal, Finance Manager or any Governor. We reviewed the nature and terms of any lettings to ensure that any lettings made to any related parties were made at the normal third party rates and not on any favourable terms.

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
THRIFTWOOD 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 year 1 September 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.



Jonathan Gorridge FCA (Senior Statutory Auditor)  
For and on behalf of MWS, Statutory Auditor

Chartered Accountants  
Statutory Auditor

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

2 December 2014

**THRIFTWOOD 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 YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	44,204	-	45,014	89,218	6,405,875
Activities for generating funds	3	91,800	-	-	91,800	136,067
Investment income	4	2,755	-	-	2,755	2,028
Incoming resources from charitable activities	5	(1)	2,054,195	1,046,765	3,100,959	2,326,093
<b>TOTAL INCOMING RESOURCES</b>		<b>138,758</b>	<b>2,054,195</b>	<b>1,091,779</b>	<b>3,284,732</b>	<b>8,870,063</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		223,168	1,911,780	145,385	2,280,333	1,907,417
Governance costs	6	-	10,598	-	10,598	24,082
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>223,168</b>	<b>1,922,378</b>	<b>145,385</b>	<b>2,290,931</b>	<b>1,931,499</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		(84,410)	131,817	946,394	993,801	6,938,564
Transfers between Funds	21	(20,000)	(391,080)	411,080	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>(104,410)</b>	<b>(259,263)</b>	<b>1,357,474</b>	<b>993,801</b>	<b>6,938,564</b>
Actuarial gains and losses on defined benefit pension schemes		-	95,000	-	95,000	(61,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(104,410)</b>	<b>(164,263)</b>	<b>1,357,474</b>	<b>1,088,801</b>	<b>6,877,564</b>
<i>Total funds at 1 September 2013</i>		<i>158,032</i>	<i>(976,325)</i>	<i>9,922,297</i>	<i>9,104,004</i>	<i>2,226,440</i>
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>53,622</b>	<b>(1,140,588)</b>	<b>11,279,771</b>	<b>10,192,805</b>	<b>9,104,004</b>

All activities relate to continuing operations.

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

The notes on pages 23 to 43 form part of these financial statements.

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07747149**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	17		11,109,239		9,714,159
<b>CURRENT ASSETS</b>					
Stocks	18	1,265		1,107	
Debtors	19	537,304		416,271	
Cash at bank and in hand		75,672		276,847	
			<u>614,241</u>	<u>694,225</u>	
<b>CREDITORS:</b> amounts falling due within one year	20		<u>(312,675)</u>	<u>(87,380)</u>	
<b>NET CURRENT ASSETS</b>			<u>301,566</u>		<u>606,845</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,410,805</u>		<u>10,321,004</u>
Defined benefit pension scheme liability	27		<u>(1,218,000)</u>		<u>(1,217,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>10,192,805</u></u>		<u><u>9,104,004</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	21	77,412		240,675	
Restricted fixed asset funds	21	11,279,771		9,922,297	
			<u>11,357,183</u>	<u>10,162,972</u>	
Restricted funds excluding pension liability			<u>11,357,183</u>	<u>10,162,972</u>	
Pension reserve		<u>(1,218,000)</u>		<u>(1,217,000)</u>	
Total restricted funds			<u>10,139,183</u>		<u>8,945,972</u>
Unrestricted funds	21		<u>53,622</u>		<u>158,032</u>
<b>TOTAL FUNDS</b>			<u><u>10,192,805</u></u>		<u><u>9,104,004</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:

  
**Ann-Marie Briggs**  
**Chair of Trustees**

  
**Sally Davies OBE**  
**Accounting Officer**

The notes on pages 23 to 43 form part of these financial statements.

**THRIFTWOOD SCHOOL**  
(A company limited by guarantee)

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

	Note	2014 £	2013 £
Net cash flow from operating activities	23	498,036	(198,644)
Returns on investments and servicing of finance	24	2,755	2,028
Capital expenditure and financial investment	24	(701,966)	250,231
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u><u>(201,175)</u></u>	<u><u>53,615</u></u>

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

		2014 £	2013 £
(Decrease)/Increase in cash in the year		<u>(201,175)</u>	<u>53,615</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>		<b>(201,175)</b>	<b>53,615</b>
Net funds at 1 September 2013		<u>276,847</u>	<u>223,232</u>
<b>NET FUNDS AT 31 AUGUST 2014</b>		<u><u>75,672</u></u>	<u><u>276,847</u></u>

The notes on pages 23 to 43 form part of these financial statements.



**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR 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 Education Funding Agency and the Department for Education and other donors, where the asset acquire or created is held for a specific purpose..

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.

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.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR 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.

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

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

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and 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 at cost 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 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.

Assets in the course of construction are included at cost. They are not depreciated until they are brought into use.

**THRIFTWOOD SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

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:

Long-term leasehold land	-	over the life of the lease
Motor vehicles	-	20% p.a.
Fixtures, fittings and equipment	-	20% p.a.
Computer equipment	-	33% p.a.
Long-term leasehold buildings	-	2% p.a.

**1.7 Operating leases**

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

**1.8 Stocks**

Stock generally consists of small items of uniform and catering stock. A full stock count is made at the year end and stock is valued at the lower of cost price or net realisable value.

**1.9 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.

**1.10 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 27, 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.

**THRIFTWOOD SCHOOL**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

**2. VOLUNTARY INCOME**

	<b>Unrestricted funds 2014 £</b>	<b>Restricted funds 2014 £</b>	<b>Total funds 2014 £</b>	<i>Total funds 2013 £</i>
Other donations	44,204	35,000	79,204	35,575
Assets donated from Local Authority	-	-	-	6,370,300
Other donated assets	-	10,014	10,014	-
	<u>44,204</u>	<u>45,014</u>	<u>89,218</u>	<u>6,405,875</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted funds 2014 £</b>	<b>Restricted funds 2014 £</b>	<b>Total funds 2014 £</b>	<i>Total funds 2013 £</i>
Business enterprise activities	44,450	-	44,450	95,384
Afterschool club	5,610	-	5,610	582
Hire of Facilities	7,510	-	7,510	5,806
School sales	6,043	-	6,043	5,423
Swimming	1,682	-	1,682	1,703
Catering income	17,105	-	17,105	16,890
Educational visits	9,400	-	9,400	10,279
	<u>91,800</u>	<u>-</u>	<u>91,800</u>	<u>136,067</u>

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**4. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment income	2,755	-	2,755	2,028

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	1,654,731	1,654,731	1,710,085
Capital Grants	-	946,765	946,765	215,342
Other DfE/EFA Grants	-	22,465	22,465	13,271
	-	2,623,961	2,623,961	1,938,698
<b>Other government grants</b>				
Local Authority Grants	-	409,751	409,751	376,538
Special Educational Projects	-	61,781	61,781	10,857
	-	471,532	471,532	387,395
<b>Other funding</b>				
Donations for educational activities	-	5,467	5,467	-
	-	5,467	5,467	-
	-	3,100,960	3,100,960	2,326,093

**6. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Internal audit costs	-	1,300	1,300	13,832
Governance Auditors' remuneration	-	9,298	9,298	10,250
	-	10,598	10,598	24,082

Included in the above is £7,750 to MWS and £2,848 (2013 : £24,082) for the resigning auditor.

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**7. DIRECT COSTS**

	Educational Operations £	Total 2014 £	Total 2013 £
Technology costs	4,551	4,551	-
Educational supplies	76,639	76,639	24,547
Examination fees	2,604	2,604	1,232
Staff development	17,744	17,744	8,524
Educational consultancy	5,675	5,675	24,668
Other direct costs	20,312	20,312	-
Legal and professional fees	3,160	3,160	40,839
Wages and salaries	1,098,039	1,098,039	931,970
National insurance	76,305	76,305	60,042
TPS employers contributions	102,549	102,549	85,274
	<u>1,407,578</u>	<u>1,407,578</u>	<u>1,177,096</u>

**8. SUPPORT COSTS**

	Educational Operations £	Total 2014 £	Total 2013 £
Pension finance charge	55,000	55,000	41,000
Technology costs	12,637	12,637	-
Maintenance of premises	31,306	31,306	54,409
Cleaning	19,252	19,252	5,433
Rent and rates	11,497	11,497	25,260
Energy costs	21,910	21,910	-
Insurance	19,599	19,599	11,851
Security and transport	12,329	12,329	2,659
Catering	36,214	36,214	19,871
Bank interest and charges	714	714	-
Indirect staff costs	2,814	2,814	-
Legal and professional fees	26,494	26,494	21,175
Other support costs	15,471	15,471	21,603
PPS and telephone	8,214	8,214	8,348
Wages and salaries	292,633	292,633	319,700
National insurance	13,098	13,098	15,083
LGPS service charge	148,188	148,188	119,144
Depreciation	145,385	145,385	64,785
	<u>872,755</u>	<u>872,755</u>	<u>730,321</u>

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**9. RESOURCES EXPENDED**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Educational Operations	1,276,893	3,630	127,055	1,407,578	1,177,096
Support costs - Educational Operations	453,919	229,350	189,486	872,755	730,321
<b>Charitable activities</b>	<b>1,730,812</b>	<b>232,980</b>	<b>316,541</b>	<b>2,280,333</b>	<b>1,907,417</b>
<b>Governance</b>	-	-	10,598	10,598	24,082
	<b>1,730,812</b>	<b>232,980</b>	<b>327,139</b>	<b>2,290,931</b>	<b>1,931,499</b>

**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly	Support costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Educational Operations	1,407,578	872,755	2,280,333	1,907,417

**11. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	145,386	64,785
Auditors' remuneration	9,298	10,250
Other audit services	1,300	13,832
Operating lease rentals:		
- plant and machinery	2,470	2,759

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**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	1,356,949	1,192,668
Social security costs	89,402	75,125
Other pension costs (Note 27)	250,738	204,419
	1,697,089	1,472,212
Supply teacher costs	33,723	59,000
	1,730,812	1,531,212

**b. Staff numbers**

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

	2014 No.	2013 No.
Management	5	7
Teachers	13	11
Administration and classroom support	39	29
	57	47

**c. Higher paid staff**

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this staff member amounted to £9,987 (2013: £9,532).

**13. TRUSTEES' REMUNERATION AND EXPENSES**



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The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014 £	2013 £
Sally Davies, Staff governor & trustee	<b>70,000-75,000</b>	<i>65,000-70,000</i>
Elizabeth Smart, Staff governor & trustee	<b>45,000-50,000</b>	<i>45,000-50,000</i>
Carolyn Mitchell, Staff governor & trustee	<b>40,000-45,000</b>	<i>40,000-45,000</i>
Susan Reid, Staff governor & trustee	<b>20,000-25,000</b>	<i>35,000-40,000</i>
Clare Impleton, Staff governor & trustee	<b>5,000-10,000</b>	<i>10,000-15,000</i>

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

**14. 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 £2,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

**15. OTHER FINANCE INCOME**

	2014 £	2013 £
Expected return on pension scheme assets	<b>17,000</b>	<i>10,000</i>
Interest on pension scheme liabilities	<b>(72,000)</b>	<i>(51,000)</i>
	<b><u>(55,000)</u></b>	<i><u>(41,000)</u></i>

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**16. TRANSFERS BETWEEN FUNDS**

Funds have been transferred in respect of the following:

£105,000 has been transferred from the restricted fund to the restricted pension reserve for the employer's LGPS contributions paid, on behalf of employees, from the General Annual Grant (GAG).

£231 has been transferred from the restricted fixed asset fund to the restricted fund representing revenue expenditure made from the DfE/EFA capital grants fund.

£150,906 has been transferred from the restricted fund to the restricted fixed asset fund representing capital works funded from income provided for but not yet received.

£260,405 has been transferred from the restricted fund to the restricted fixed asset fund representing capital expenditure paid for out of the General Annual Grant (GAG).

£221,000 has been transferred from the unrestricted fund to the restricted fund to cover the cash deficit on this fund.

£ 201,000 has been transferred from restricted pension reserve to unrestricted funds reserve representing the service cost and net finance charge of the LGPS.

**17. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Furniture and equipment £	Computer equipment £
<b>Cost</b>				
At 1 September 2013	3,170,000	16,000	32,306	10,428
Additions	1,400,438	-	107,173	32,855
Transfer between classes	6,582,508	-	-	-
At 31 August 2014	<u>11,152,946</u>	<u>16,000</u>	<u>139,479</u>	<u>43,283</u>
<b>Depreciation</b>				
At 1 September 2013	75,726	6,133	11,995	3,229
Charge for the year	125,864	1,227	11,309	6,986
At 31 August 2014	<u>201,590</u>	<u>7,360</u>	<u>23,304</u>	<u>10,215</u>
<b>Net book value</b>				
At 31 August 2014	<u>10,951,356</u>	<u>8,640</u>	<u>116,175</u>	<u>33,068</u>
At 31 August 2013	<u>3,094,274</u>	<u>9,867</u>	<u>20,311</u>	<u>7,199</u>

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**17. TANGIBLE FIXED ASSETS (continued)**

	<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 September 2013	6,582,508	9,811,242
Additions	-	1,540,466
Transfer between classes	(6,582,508)	-
	-	11,351,708
<b>Depreciation</b>		
At 1 September 2013	-	97,083
Charge for the year	-	145,386
	-	242,469
At 31 August 2014	-	242,469
<b>Net book value</b>		
At 31 August 2014	-	11,109,239
	-	11,109,239
<i>At 31 August 2013</i>	6,582,508	9,714,159

**18. STOCKS**

	<b>2014 £</b>	<b>2013 £</b>
Catering and uniform stock	1,265	1,107
	1,265	1,107

**19. DEBTORS**

	<b>2014 £</b>	<b>2013 £</b>
Trade debtors	-	4,541
Other debtors	165,982	158,207
Prepayments and accrued income	371,322	253,523
	537,304	416,271

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**20. CREDITORS:  
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	-	16,159
Other taxation and social security	24,656	22,113
Other creditors	283,617	18,855
Accruals and deferred income	4,402	30,253
	312,675	87,380

**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	158,032	138,758	(223,168)	(20,000)	-	53,622
<b>Restricted funds</b>						
General Annual Grant (GAG)	240,675	1,654,731	(1,522,914)	(295,080)	-	77,412
Other DfE/EFA Grants	-	22,465	(22,465)	-	-	-
Local Authority Grants	-	309,751	(309,751)	-	-	-
Special Educational Projects	-	61,781	(61,781)	-	-	-
Donations for Educational Activities	-	5,467	(5,467)	-	-	-
Pension reserve	(1,217,000)	-	-	(96,000)	95,000	(1,218,000)
	(976,325)	2,054,195	(1,922,378)	(391,080)	95,000	(1,140,588)

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Capital expenditure from GAG	10,133	-	(9,382)	260,405	-	261,156
DfE/EFA capital grants	205,115	946,765	(5,790)	150,675	-	1,296,765
Local Authority Grant	207,907	100,000	(3,586)	-	-	304,321
Assets donated from Local Authority	6,370,300	-	(65,473)	-	-	6,304,827
Inherited Fixed Assets	3,128,842	-	(59,357)	-	-	3,069,485
Other Fixed Asset Donations	-	35,000	(128)	-	-	34,872
Gifted fixed asset	-	10,014	(1,669)	-	-	8,345
	<u>9,922,297</u>	<u>1,091,779</u>	<u>(145,385)</u>	<u>411,080</u>	<u>-</u>	<u>11,279,771</u>
Total restricted funds	<u>8,945,972</u>	<u>3,145,974</u>	<u>(2,067,763)</u>	<u>20,000</u>	<u>95,000</u>	<u>10,139,183</u>
Total of funds	<u>9,104,004</u>	<u>3,284,732</u>	<u>(2,290,931)</u>	<u>-</u>	<u>95,000</u>	<u>10,192,805</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2014.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Other DfE/EFA fund has been created to recognise the restricted grant funding received from the DfE/EFA which fall outside the scope of core funding.

The Local Authority revenue grants fund has been set up to recognise the restricted grant funding received from Essex County Council as a contribution towards the cost of the Academy's revenue expenditure.

The Special Educational Projects fund has been set up to recognise the restricted funding received from the EFA to assist with the costs incurred providing disadvantaged students with the additional educational resources that they require.

The Capital expenditure from the GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund,

The DfE/EFA and local authority capital grant funds have been created to recognise the capital grants received from the purpose of the acquisition of tangible fixed assets. The amount spent in excess of the capital grants received has been transferred in from the GAG fund. Depreciation relating to these assets

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**21. STATEMENT OF FUNDS (continued)**

has been allocated to this fund.

The Assets donated from the Local Authority Fund has been set up to recognise the tangible assets gifted to the academy since conversion by the local authority. Depreciation charged on those inherited assets is allocated to this fund,

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery therein. Depreciation charged on those inherited assets is allocated to this fund.

The Other Fixed Assets Donations Fund has been set up to recognise donations from other parties for the purpose of purchasing tangible fixed assets. Depreciation charged on these assets is allocated to this fund.

The Gifted Fixed Asset Fund has been set up to recognise assets donated to the academy. Depreciation charged on these assets is allocated to this fund.

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.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	158,032	138,758	(223,168)	(20,000)	-	53,622
Restricted funds	(976,325)	2,054,195	(1,922,378)	(391,080)	95,000	(1,140,588)
Restricted fixed asset funds	9,922,297	1,091,779	(145,385)	411,080	-	11,279,771
	<u>9,104,004</u>	<u>3,284,732</u>	<u>(2,290,931)</u>	<u>-</u>	<u>95,000</u>	<u>10,192,805</u>

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	11,109,240	11,109,240	9,714,159
Current assets	53,622	176,286	384,332	614,240	694,225
Creditors due within one year	-	(98,874)	(213,801)	(312,675)	(87,380)
Provisions for liabilities and charges	-	(1,218,000)	-	(1,218,000)	(1,217,000)
	<u>53,622</u>	<u>(1,140,588)</u>	<u>11,279,771</u>	<u>10,192,805</u>	<u>9,104,004</u>

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**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net incoming resources before revaluations	993,801	6,938,564
Returns on investments and servicing of finance	(2,755)	(2,028)
Assets donated from Local Authority and others	(10,014)	(6,370,300)
Depreciation of tangible fixed assets	145,386	64,785
Capital grants from DfE and others	(1,046,765)	(465,342)
(Increase)/decrease in stocks	(158)	107
Decrease/(increase) in debtors	97,246	(412,085)
Increase/(decrease) in creditors	225,295	(17,345)
FRS 17 pension cost less contributions payable (note 27)	41,000	24,000
FRS 17 pension finance income (note 27)	55,000	41,000
	<b>498,036</b>	<b>(198,644)</b>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,755	2,028
	<b>2,755</b>	<b>2,028</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,539,502)	(215,111)
Capital grants from DfE and others	837,536	465,342
	<b>(701,966)</b>	<b>250,231</b>

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	276,847	(201,175)	-	75,672
<b>Net funds</b>	<b>276,847</b>	<b>(201,175)</b>	<b>-</b>	<b>75,672</b>

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**26. CAPITAL COMMITMENTS**

At 31 August 2014 the academy had capital commitments as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<b>213,250</b>	<b>414,492</b>

**27. 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 Essex 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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £24,085 were payable to the scheme at 31 August 2014 (2013 - £18,754) 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.



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**27. PENSION COMMITMENTS (continued)**

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

**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 year ended 31 August 2014 was £138,000, of which employer's contributions totalled £105,000 and employees' contributions totalled £33,000. The agreed contribution rates for future years are 12.3% 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.

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**27. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	6.10	220,000	6.60	169,000
Other Bonds	3.60	38,000	4.40	23,000
Property	5.10	40,000	5.60	29,000
Gilts	3.00	22,000	3.50	21,000
Cash	2.90	10,000	0.50	8,000
Alternative Assets	3.60	14,000	4.40	10,000
Total market value of assets		<u>344,000</u>		<u>260,000</u>
Present value of scheme liabilities		<u>(1,562,000)</u>		<u>(1,477,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,218,000)</u></u>		<u><u>(1,217,000)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset classes as at the beginning of the period (i.e. as at 1 September 2014) for the year to 31 August 2015. The returns on gilts and other bonds are assumed to be the gilt yield and the corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	<b>(1,562,000)</b>	(1,477,000)
Fair value of scheme assets	<b>344,000</b>	260,000
Net liability	<u><u>(1,218,000)</u></u>	<u><u>(1,217,000)</u></u>

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

	<b>2014 £</b>	<b>2013 £</b>
Current service cost	<b>(146,000)</b>	(119,000)
Interest on obligation	<b>(72,000)</b>	(51,000)
Expected return on scheme assets	<b>17,000</b>	10,000
Total	<u><u>(201,000)</u></u>	<u><u>(160,000)</u></u>
Actual return on scheme assets	<u><u>37,000</u></u>	<u><u>30,000</u></u>

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

**27. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	<b>2013</b>
	£	£
Opening defined benefit obligation	<b>1,477,000</b>	1,256,000
Current service cost	<b>146,000</b>	119,000
Interest cost	<b>72,000</b>	51,000
Contributions by scheme participants	<b>33,000</b>	28,000
Actuarial (Gains)/losses	<b>(115,000)</b>	82,000
Benefits paid	<b>(51,000)</b>	(59,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,562,000</b>	1,477,000
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b>	<b>2013</b>
	£	£
Opening fair value of scheme assets	<b>260,000</b>	165,000
Expected return on assets	<b>17,000</b>	10,000
Actuarial gains and (losses)	<b>(20,000)</b>	21,000
Contributions by employer	<b>105,000</b>	95,000
Contributions by employees	<b>33,000</b>	28,000
Benefits paid	<b>(51,000)</b>	(59,000)
	<hr/>	<hr/>
	<b>344,000</b>	260,000
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £207,000 (2013 - £302,000).

The academy expects to contribute £107,000 to its Defined benefit pension scheme in 2015.

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

	<b>2014</b>	<b>2013</b>
Equities	<b>64.00 %</b>	65.00 %
Gilts	<b>6.00 %</b>	8.00 %
Other Bonds	<b>11.00 %</b>	9.00 %
Property	<b>12.00 %</b>	11.00 %
Cash	<b>3.00 %</b>	3.00 %
Alternative Assets	<b>4.00 %</b>	4.00 %

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

	<b>2014</b>	<b>2013</b>
Discount rate for scheme liabilities	<b>3.90 %</b>	4.70 %
Rate of increase in salaries	<b>4.40 %</b>	4.70 %
Rate of increase for pensions in payment / inflation	<b>2.60 %</b>	2.90 %
Inflation assumption (CPI)	<b>2.60 %</b>	2.90 %
RPI increases	<b>3.70 %</b>	3.70 %

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	2013
Retiring today		
Males	<b>22.7</b>	22.7
Females	<b>25.1</b>	25.3
Retiring in 20 years		
Males	<b>24.98</b>	24.2
Females	<b>27.4</b>	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	<b>(1,562,000)</b>	(1,477,000)	(1,256,000)
Scheme assets	<b>344,000</b>	260,000	165,000
Deficit	<b>(1,218,000)</b>	(1,217,000)	(1,091,000)
Experience adjustments on scheme liabilities	<b>115,000</b>	(82,000)	-
Experience adjustments on scheme assets	<b>(20,000)</b>	21,000	2,000

Comparative figures have not been restated as permitted by FRS 17.

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.

**28. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
<b>Expiry date:</b>				
Between 2 and 5 years	-	-	<b>7,051</b>	2,759

**29. TRUSTEES' PERSONAL GUARANTEES**

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.

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

**30. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following related party transaction took place in the period of account.

CJS Support - a company of which Claire Smith (a trustee) is a sole trader:

The trust paid £3,216 in outreach support services.

**31. CONTROLLING PARTY**

There is no ultimate controlling party.