

**Thriftwood School**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the period ended  
31 August 2012

Company registration number:  
07747149 (England and Wales)

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# Thriftwood School

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# Thriftwood School

## REFERENCE AND ADMINISTRATIVE DETAILS

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The governors, listed below, were appointed on 19 August 2011 and are also Trustees for the purposes of Charity Law and Directors for the purposes of the Companies Act.

Ann-Marie Briggs (*)	Community - Chair
Sally Davies (*)	Headteacher & Accounting Officer
David Cottrell (*)	Member
Colin Davies	Parent
Peter Dervin (*)	Parent
Chris Giffin (*)	Community
Janet Hill (*)	Community
Clare Impleton	Staff
Ann Lawrence	Community (re-appointed 20 March 2012)
Carolyn Mitchell	Staff
Gill Padbury-Clark	Parent
Lynn Porter	Parent
Susan Reid (*)	Staff
Mark Ross	Co-opted - Responsible Officer
Nigel Rothwell (*)	Community
Elizabeth Smart (*)	Staff
Claire Smith	Parent
(*) Members of the Management Group	

Company secretary	Carol Smee
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### Senior leadership Team:

Headteacher	Sally Davies
Deputy headteacher	Elizabeth Smart
Assistant headteacher	David Hutton
Assistant headteacher	Georgina Pryke
Assistant headteacher	Diane Rigg
Business & Enterprise Manager	Debbie Turner
Business Manager	Susan Reid

Principal and Registered Office	Thriftwood School Slades Lane Galleywood Chelmsford Essex CM2 8RW
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Company Registration Number	07747149
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# Thriftwood School

## REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

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### Independent Auditor

Baker Tilly UK Audit LLP  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

### Bankers

National Westminster Bank Plc  
Chelmsford Branch  
National Westminster House  
4 - 5 High Street  
Chelmsford  
CM1 1FZ

### Solicitors

Browne Jacobson LLP  
44 Castle Gate  
Nottingham  
NG1 7BJ

# Thriftwood School

## GOVERNORS' REPORT

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The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### CONSTITUTION AND MEMBERS' LIABILITY

Thriftwood School is an exempt charity and a company limited by guarantee, not having share capital. Each member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter. The current members of the charitable company are A-M Briggs (Chair), D Cottrell, C Giffin and N Rothwell. The charitable company was incorporated on 19 August 2011.

Thriftwood School is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 18 August 2011.

Details of the governors who served throughout the period from incorporation to 31 August 2012 are included in the Reference and Administrative Details on page 1.

#### GOVERNORS' INDEMNITIES

The governors have not provided indemnities in respect of any activity undertaken at the School.

Qualifying third party indemnity provisions (as defined in section 236 of the Companies Act 2006) were in force for the benefit of directors of the Company throughout the period and remain in force at the date of this report.

#### PRINCIPAL ACTIVITIES

Thriftwood School was a local authority community special school in Galleywood, Chelmsford, Essex that was founded in 1975 and converted to academy status on 1 October 2011.

The principal activity of Thriftwood School is to run a school for boys and girls in the age range 5 to 16 who have a Statement of Special Educational Needs ("SEN"). The school is located in Galleywood, Chelmsford, Essex and has approximately 132 students.

#### METHOD OF RECRUITMENT, APPOINTMENT, ELECTION, INDUCTION & TRAINING OF GOVERNORS

The governors have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New governors will then be sought with these skills, either as additional governors or replacements when existing governors stand down. It is anticipated that the great majority of new governors will be drawn from the local community being either parents or guardians of pupils 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.

New governors will be appointed to the board by the existing governors for a period of four years from the date of their initial appointment. At the end of their four year term, retiring governors are eligible for re-election for a further term. Parent governors 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 governor role.

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

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### ORGANISATIONAL STRUCTURE

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

The governors meet as a board at a minimum of 3 times each year. All decisions reserved to the governors are taken by the board as a whole. An executive committee of the board, the "Management Group" meets at least six 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. 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 Thriftwood School. 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 governors believe that the oversight provided by other committees and the Responsible Officer is sufficient in the context of Thriftwood School's activities.

The Headteacher is the Accounting Officer and works closely with both the other governors and the senior staff of Thriftwood School.

The day-to-day management of Thriftwood School rests with the Headteacher who has overall responsibility for the school. The Headteacher is responsible for establishing a Senior Leadership Team ("SLT"), including the Business Manager, Deputy and Assistant Headteachers, and the Business & Enterprise Manager.

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

Each year the SLT meets to prepare a School Improvement Plan ("SIP") and this is subsequently presented to governors for consideration, challenge and approval. The SIP details strategic aims and academic targets as well as initiatives to further develop the school community. An objective of the SLT is to ensure all-round excellence within the School 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 SIP. Once agreed, management has responsibility for delivering the plan and reporting progress on a regular basis to the board of governors.

Coordinated with the objectives of the SIP is the annual financial plan, budget and asset management plan which is the responsibility of the Headteacher 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 governors. Once approved, the Business Manager monitors income, expenditure and capital spending and regularly reports the financial status to the Headteacher, Management Group and full governing board.

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### RISK & CORPORATE GOVERNANCE MATTERS

The governors 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 governors have identified the following key risks to the School:

- 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 School 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 School. 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 School to take additional students.
- c) The School 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 School.
- d) Along with other state schools and many other public bodies, the School is also exposed to fluctuations in the value of the Local Government Pension Scheme. The scheme is presently underfunded and the School 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 governors 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.
- e) If the School was to experience significant changes in staffing due to retirement or progression, there is a risk that the School could become exposed and underperform. The SLT and governors monitor staffing levels through the Headteacher and are satisfied that adequate succession planning is in place to mitigate this risk.
- f) With rapid advances in technology, there is the possibility that the School could be challenged to keep up with the pace of change. The School strives to provide students and staff with good quality equipment and employs relevant staff to maintain the capability of the School to meet student and staff needs for up-to-date IT infrastructure.

### RELATIONSHIPS WITH RELATED PARTIES

The School does not maintain business relationships with any connected parties.

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### OBJECTIVES AND ACTIVITIES

#### OBJECTIVES 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.

#### CHARITABLE ACTIVITIES

The principal activity of the School is currently to run a school run for boys and girls aged 5 to 16 located in Chelmsford, Essex.

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

- a) Outstanding teaching and learning – the School aims 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 School ensure care for the individual and support for the learning of each individual student
- c) A fit place to learn – the School aims to provide an inspirational and well-run environment in which students can learn and grow
- d) Aspirational leadership – every leader in the school keeps their area of responsibility under review, competing with the best

In addition, the School 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 School, in association with its partners, aims to provide relevant support to both students and families from the School and the local community in which the School operates.

#### PUBLIC BENEFIT

The governors have taken The Charity Commission’s specific guidance on public benefit (contained within the guidance document “The Advancement of Education for the Public Benefit”) into consideration in preparing their statements on public benefit contained within this governors’ annual report.

#### *Benefits & Beneficiaries*

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. 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.



# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### PUBLIC BENEFIT (CONTINUED)

#### *Governors' Assessment of Public Benefit*

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

### ACHIEVEMENTS AND PERFORMANCE

#### REVIEW OF ACTIVITIES AND EVENTS

- The School is fully staffed with qualified teachers, specialising in SEN provision
- The School has attained academy status
- The School was judged to be Outstanding by OFSTED in both of its latest reports (2011 and 2008)
- The Secretary of State for Education has been requested to give permission for the School to extend the upper age range of students from 16 to 19
- The School has retained specialist status for Business and Enterprise
- The School has maintained Fair Trade status
- Forest School accredited trainers
- The School received an Excellence in Education in Enterprise Award (Warwick University)
- The school is developing a research-based approach to school improvement in conjunction with Coventry University
- The School continues to develop its capacity for providing training and professional development in SEN for teachers, support staff and other schools and agencies.

#### IMPACT OF ACTIVITIES & EVENTS AND ASSESSMENT OF PUBLIC BENEFIT

- The School works with many organisations. Governors can monitor the benefit from working with these organisations through reports and feedback
- The school has an association with MENCAP
- Through the Acorn centre, the school provides courses on SEN for professional staff from other schools and
- A large number of after school and holiday clubs and activities are provided for students and other local members of the community
- Jack Petchey Foundation awards which enables the School to recognise, reward and celebrate students achievements
- Students at the school work for the Duke of Edinburgh Awards
- All students leaving the school progress to post-16 learning in other educational establishments
- Working with Barnados to provide activities for the wider community
- Working within the community running Fairtrade Stalls in markets and various other locations

#### GOING CONCERN

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

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### FINANCIAL REVIEW

#### FINANCIAL OUTCOME OF ACTIVITIES & EVENTS

On 1 October 2011, the assets and liabilities of Thriftwood School as a local authority school were transferred to the academy – Thriftwood School. The assets comprised mainly tangible fixed assets (principally leasehold land and buildings) with a depreciated value of £3,214,250, debtors and cash of £118,581. Liabilities were £814,000 and comprised primarily the schools share of the deficit in the Local Government Pension Scheme.

The predominant source of the Schools 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 school and providing services in accordance with the schools objectives. During the period 1 October 2011 to 31 August 2012, the grants received were £1,640,843 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 school trips, monies gifted by the Parents and Friends Association and income from lettings of the premises to third parties.

At the year-end, the school held funds and reserves totalling £2,185,133 of which £2,084,346 was classified as restricted and £100,787 which was classified as unrestricted. Details are provided in Note 16 to the accounts.

funding for the purposes of acquiring fixed assets amounted to £8,421 and was the result of donations from the local authority.

At 31 August 2012 the net assets of the School were £2,185,133. The net assets are used wholly for the purposes of providing the School’s objectives in furtherance of education of the School’s students and associated activities.

The School achieved an operating surplus of £2,185,133 in the period to 31 August 2012, due to the tight fiscal management of the School’s finances in line with the rigorous budgets set and the net assets transferred from the local authority on the establishment of the Academy Trust.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The financial risks facing Thriftwood School are outlined in the section headed Risk and Corporate Governance Matters disclosed earlier in this report.

#### RESERVES POLICY

The governors’ 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 governors 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 £100,787.

The governors intend to utilise these reserves in the near future to enhance the education of students, including the provision of post-16 educational opportunities.

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### INVESTMENT POLICY

The governors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the Company 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 Company's current policy is to invest surplus funds in short-term cash deposits.

### PLANS FOR FUTURE PERIODS

#### FUTURE STRATEGY

The School plans to continuously improve the educational experience of students within the School and to develop staff skills to enable this improvement to be attained. The School also plans to build on its capability to provide expert assistance to other schools and agencies to support their teaching of SEN students.

The School also plans to develop the range of provision for students from the ages of 16 to 19.

The School has partnerships with many other organisations and agencies and these partnerships will be developed and expanded in order to meet the School's charitable objectives.

#### FUTURE ACTIVITIES & EVENTS

The School is planning to start post-16 provision in 2013, subject to approval by the Secretary of State for Education, starting with approximately 24 students. Student numbers are expected to increase over the following years. A second site will be acquired and a strategic review of the utilisation of the sites in the best interests of students and staff will be undertaken to ensure the best possible educational provision for all students of the School.

#### IMPACT OF FUTURE ACTIVITIES & EVENTS

of the addition of the second School site and post-16 students, the governors will develop any additional monitoring tools required.

#### PUBLIC BENEFIT

The governors 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 School, in line with the commitments made in the application to the DfE for the extension of the School's age range.

#### FUNDS HELD AS CUSTODIAN

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

# Thriftwood School

## GOVERNORS' REPORT (CONTINUED)

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### AUDITORS

The auditors, Baker Tilly UK Audit LLP, Chartered Accountants, were appointed as auditors to the company during the period, and have indicated their willingness to continue in office.

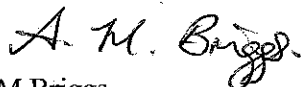
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### PROFESSIONAL INDEMNITY INSURANCE

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

Approved by order of the Governing Board at its meeting on 4 December 2012 and signed on its behalf by:



A-M Briggs  
Chair

# Thriftwood School

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

As governors, 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 governing body has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Thriftwood School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The governing body has formally met 4 times during the period. Attendance during the period at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ann-Marie Briggs (Chair)	4	4
Sally Davies (Headteacher)	4	4
David Cottrell	4	4
Colin Davies	2	4
Peter Dervin	4	4
Chris Giffin	3	4
Janet Hill	3	4
Clare Impleton	3	4
Ann Lawrence	4	4
Carolyn Mitchell	2	4
Gill Padbury-Clark	4	4
Lynn Porter	3	4
Susan Reid	4	4
Mark Ross	2	4
Nigel Rothwell	3	4
Elizabeth Smart	4	4
Claire Smith	4	4

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 governors are invited to the meetings and attend, but are not able to vote.

<b>Management Group Governors</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ann-Marie (Chair)	6	7
Sally Davies (Headteacher)	7	7
David Cottrell	6	7
Peter Dervin	6	7
Chris Giffin	6	7
Janet Hill	5	7
Susan Reid	7	7
Nigel Rothwell	7	7
Elizabeth Smart	5	7

### THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School 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 period from incorporation to 31 August 2012 and up to the date of approval of the annual report and financial statements.

### CAPACITY TO HANDLE RISK

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

### THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor due to the size and nature of the School. However, the governors have appointed Mark Ross, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and overseeing the performance of a range of checks on the School's financial systems carried out by a third party on behalf of the RO. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. During the period under review, minor weaknesses have been observed and modified procedures have been implemented to address the weaknesses.

# Thriftwood School

## GOVERNANCE STATEMENT

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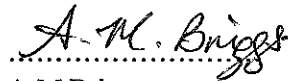
### REVIEW OF EFFECTIVENESS

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

- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the Academy Trust 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.

Approved by order of the members of the Governing Body on 4 December 2012 and signed on its behalf by:



A-M Briggs  
Chair



S Davies  
Accounting Officer

# Thriftwood School

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



S Davies  
Accounting Officer  
4 December 2012



# Thriftwood School

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the governing body on 4 December 2012 and signed on its behalf by:



A-M Briggs  
Chair

# INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THRIFTWOOD SCHOOL

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We have audited the financial statements of Thriftwood School for the period ended 31 August 2012 on pages 18 to 41. 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 2011/12 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF GOVERNORS' AND AUDITORS

As explained more fully in the Statement of Governors' Responsibilities set out on page 15 the governors (who act as trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2011/12 issued by the Education Funding Agency.

## OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

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

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THRIFTWOOD SCHOOL(CONTINUED)

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

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

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

*Baker Tilly UK Audit LLP*

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

*24 December 2012*

# Thriftwood School

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the period ended 31 August 2012

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	14,768	18,837	-	33,605
Voluntary income - transfer from local authority on conversion	26	104,417	(814,000)	3,214,250	2,504,667
Activities for generating funds	3	140,489	-	-	140,489
Investment income	4	1,041	-	-	1,041
Income from charitable activities					
Academy's educational operations	5	-	1,609,818	8,421	1,618,239
<b>TOTAL INCOMING RESOURCES</b>		<b>260,715</b>	<b>814,655</b>	<b>3,222,671</b>	<b>4,298,041</b>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds:					
Costs of generating voluntary income		-	-	-	-
Costs of activities for generating funds		91,228	12,059	-	103,287
Charitable activities:					
Academy's educational operations	7	-	1,652,338	32,298	1,684,636
Governance costs	8	-	42,678	-	42,678
Other resources expended - transfer from local authority on conversion					
<b>TOTAL RESOURCES EXPENDED</b>		<b>91,228</b>	<b>1,707,075</b>	<b>32,298</b>	<b>1,830,601</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>					
Gross transfers between funds	16	(45,580)	42,420	3,160	-
<b>NET INCOME/(EXPENDITURE) FOR THE PERIOD</b>		<b>123,907</b>	<b>(850,000)</b>	<b>3,193,533</b>	<b>2,467,440</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
Actuarial losses on defined benefit pension schemes	16, 24	-	(241,000)	-	(241,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>123,907</b>	<b>(1,091,000)</b>	<b>3,193,533</b>	<b>2,226,440</b>

# Thriftwood School

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) (CONTINUED)

For the period ended 31 August 2012

		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
NET MOVEMENT IN FUNDS		123,907	(1,091,000)	3,193,533	2,226,440
RECONCILIATION OF FUNDS					
Total funds brought forward at 19 August 2011		-	-	-	-
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST	17	123,907	(1,091,000)	3,193,533	2,226,440

All of the Academy Trust's activities derive from continuing operations during the above financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.


# Thriftwood School

## BALANCE SHEET

31 August 2012

	<i>Notes</i>	2012 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	12		3,193,533
<b>CURRENT ASSETS</b>			
Stock	13	1,214	
Debtors	14	4,186	
Cash at bank and in hand		223,232	
		<u>228,632</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(104,725)</u>	
<b>NET CURRENT ASSETS</b>			<u>123,907</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,317,440
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			3,317,440
Pension Scheme Liability	24		<u>(1,091,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><u>2,226,440</u></u>
<b>THE FUNDS OF THE ACADEMY TRUST:</b>			
<b>RESTRICTED FUNDS</b>			
Fixed asset fund	16		3,193,533
Restricted funds excluding pension reserve			3,193,533
Pension reserve	16		<u>(1,091,000)</u>
<b>TOTAL RESTRICTED FUNDS</b>			<u><u>2,102,533</u></u>
<b>TOTAL UNRESTRICTED FUNDS</b>	16		<u>123,907</u>
<b>TOTAL FUNDS</b>			<u><u>2,226,440</u></u>

The financial statements on pages 18 to 41 were approved by the governors and authorised for issue on 4 December 2012 and are signed on their behalf by:

  
S Davies

# Thriftwood School

## CASH FLOW STATEMENT

For the period ended 31 August 2012

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	<i>Notes</i>	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	120,934
Returns on investments and servicing of financing	20	1,041
Capital expenditure	21	(3,160)
Cash transferred on conversion to an academy trust	20A	104,417
INCREASE IN CASH IN THE PERIOD	22	<u>223,232</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
NET FUNDS AT 19 August 2011		-
Increase in cash in the period		<u>223,232</u>
NET FUNDS AT 31 AUGUST 2012		<u><u>223,232</u></u>

# Thriftwood School

## ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice: 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction 2011/12 issued by the EFA and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### GOING CONCERN

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

### INCOMING RESOURCES

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

### GRANTS RECEIVABLE

Fixed asset 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. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

### OTHER INCOME

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

### INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors.

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and the Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education, where the asset acquired or created is held for a specific purpose.



# Thriftwood School

## ACCOUNTING POLICIES (CONTINUED)

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### RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges 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 on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

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.

### TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

# Thriftwood School

## ACCOUNTING POLICIES (CONTINUED)

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### LEASED ASSETS

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

### PENSION BENEFITS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school Thriftwood School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Thriftwood School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds. Further details of the transaction are set out in note 26.

### STOCK

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

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

1	GENERAL ANNUAL GRANT (GAG)		2012
			£
a)	Results and carry forward for the period		-
	GAG brought forward from previous period		-
	GAG allocation for current period		1,524,532
			<hr/>
	TOTAL GAG AVAILABLE TO SPEND		1,524,532
	Recurrent expenditure from GAG		(1,621,801)
	Fixed assets purchased from GAG		(3,160)
	Other expenditure transferred from GAG		100,429
			<hr/>
	GAG CARRIED FORWARD TO NEXT YEAR		-
			<hr/>
	Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)		(182,944)
			<hr/> <hr/>
	GAG TO SURRENDER TO DfE (12% rule breached if result is positive)		-
			<hr/> <hr/>
			no breach
b)	Use of GAG brought forward from previous period for recurrent purposes (of the amount carried forward each period, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
	Recurrent expenditure from GAG in current period		(1,621,801)
	GAG allocation for current period		1,621,801
	GAG allocation for previous period x 2%		-
			<hr/>
	GAG brought forward from previous period in excess of 2% used on recurrent expenditure in current period (2% rule breached if result is positive)		-
			<hr/> <hr/>
			no breach
2	VOLUNTARY INCOME		
		Restricted	Restricted
		general	fixed asset
		funds	funds
		£	£
	Other donations	14,768	18,837
		<hr/>	-
		14,768	18,837
		<hr/> <hr/>	-
		<hr/> <hr/>	33,605
		<hr/> <hr/>	<hr/> <hr/>
		<hr/> <hr/>	33,605
		<hr/> <hr/>	<hr/> <hr/>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

3	ACTIVITIES FOR GENERATING FUNDS	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
	Business enterprise activities	103,677	-	-	103,677
	Catering income	14,495	-	-	14,495
	Class sales	2,385	-	-	2,385
	Swimming	1,141	-	-	1,141
	Educational visits	12,188	-	-	12,188
	Lettings	6,454	-	-	6,454
	Miscellaneous other income	149	-	-	149
		<u>140,489</u>	<u>-</u>	<u>-</u>	<u>140,489</u>
4	INVESTMENT INCOME		Unrestricted funds £	Restricted funds £	Total 2012 £
	Short term deposits		<u>1,041</u>	<u>-</u>	<u>1,041</u>
5	FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
	<b>DfE/EFA REVENUE GRANTS</b>				
	General annual grant (GAG) (note 1)	-	1,524,532	-	1,524,532
	Start up grants	-	25,000	-	25,000
	Other DfE/EFA grants	-	41,363	8,421	49,784
		<u>-</u>	<u>1,590,895</u>	<u>8,421</u>	<u>1,599,316</u>
	<b>OTHER GOVERNMENT GRANTS</b>				
	School Standard Funds	-	4,823	-	4,823
	Special educational projects	-	14,100	-	14,100
		<u>-</u>	<u>18,923</u>	<u>-</u>	<u>18,923</u>
		<u>-</u>	<u>1,609,818</u>	<u>8,421</u>	<u>1,618,239</u>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 6 RESOURCES EXPENDED

	Non pay expenditure		Total 2012 £
	Staff costs £	Premises £	
Costs of generating voluntary income	-	-	-
Costs of activities for generating funds	59,198	-	103,287
Academy's education operations			
Direct costs	1,029,778	-	1,197,002
Allocated support costs	275,933	111,417	487,634
	<u>1,364,909</u>	<u>111,417</u>	<u>1,787,923</u>
Governance costs including allocated support costs	-	-	42,678
	<u>1,364,909</u>	<u>111,417</u>	<u>1,830,601</u>
Net incoming/(outgoing) resources for the period:			2012 £
Operating leases - plant and machinery			3,168
- other			-
Fees payable to Baker Tilly UK Audit LLP and its associates for:			
- audit			7,500
- other services			1,900

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 7 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATION OPERATIONS

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	2012 £
<b>DIRECT COSTS</b>				
Teaching and educational support staff	-	1,029,778	-	1,029,778
Educational supplies	-	32,691	-	32,691
Educational Consultancy	-	6,218	-	6,218
Examination fees	-	1,848	-	1,848
Depreciation	-	-	6,119	6,119
Legal & professional fees	-	59,155	-	59,155
Staff development	-	23,193	-	23,193
Pension scheme - other finance cost	-	38,000	-	38,000
	-	1,190,883	6,119	1,197,002
<b>ALLOCATED SUPPORT COSTS</b>				
Support staff costs	-	275,933	-	275,933
Depreciation	-	-	26,179	26,179
Maintenance of premises and equipment	-	63,220	-	63,220
Cleaning	-	4,302	-	4,302
Rates	-	20,649	-	20,649
Insurance	-	12,636	-	12,636
Security and transport	-	866	-	866
Legal & professional	-	68,925	-	68,925
PPS and telephone	-	2,687	-	2,687
Other support costs	-	12,237	-	12,237
	-	461,455	26,179	487,634
	-	1,652,338	32,298	1,684,636

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

8 GOVERNANCE COSTS	Unrestricted	Restricted	Restricted	2012
	funds	general	fixed asset	
	£	£	£	£
Legal and professional fees	-	27,080	-	27,080
Auditors' remuneration				
Audit of financial statements	-	7,500	-	7,500
Accountancy services	-	5,589	-	5,589
Support costs	-	2,509	-	2,509
	-	42,678	-	42,678

9 STAFF COSTS	2012
	£
Staff costs during the period were:	
Wages and salaries	1,109,958
Social security costs	69,161
Pension costs	158,946
	1,338,065
Supply teacher costs	26,844
	1,364,909

The average number of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2012	2012
	No.	FTE
Management	7	6.60
Teachers	15	11.00
Administration and support	41	29.17
	63	46.77

Included within management are 5 teachers.

Included within administration and support are 26 learning support assistants, 4 members of the administration team and 11 members of the facilities team.

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

£60,001 - £70,000	1
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The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for this staff member amounted to £9,301.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

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### 10 GOVERNORS' REMUNERATION AND EXPENSES

The headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff governors and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The value of the headteacher's remuneration was £65,963. The value of the staff governors' remuneration was as follows:

- Elizabeth Smart, Staff governor & trustee	£45,000 - £50,000
- Carolyn Mitchell, Staff governor & trustee	£40,000 - £45,000
- Susan Reid, Staff governor & trustee	£35,000 - £40,000
- Clare Impleton, Staff governor & trustee	£10,000 - £15,000

The above governors received remuneration in respect of their employment as members of the academy's staff and not in respect of their services as trustees of the academy trust.

During the period ended 31 August 2012, travel and subsistence expenses totalling £Nil were reimbursed to governors.

Related party transactions involving the trustees are set out in note 25.

### 11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £Nil.

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



# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 12 TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Fixtures fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST</b>					
19 August 2011	-	-	-	-	-
Transfer on conversion (note 26)	3,170,000	28,250	-	16,000	3,214,250
Additions	-	4,056	7,525	-	11,581
Disposals	-	-	-	-	-
31 August 2012	<u>3,170,000</u>	<u>32,306</u>	<u>7,525</u>	<u>16,000</u>	<u>3,225,831</u>
<b>DEPRECIATION</b>					
19 August 2011	-	-	-	-	-
Charge for the period	23,246	5,532	587	2,933	32,298
Disposals	-	-	-	-	-
31 August 2012	<u>23,246</u>	<u>5,532</u>	<u>587</u>	<u>2,933</u>	<u>32,298</u>
<b>NET BOOK VALUE</b>					
31 August 2012	<u>3,146,754</u>	<u>26,774</u>	<u>6,938</u>	<u>13,067</u>	<u>3,193,533</u>

### 13 STOCK

Catering stock

2012  
£

1,214

### 14 DEBTORS

Other debtors

2012  
£

4,186

4,186

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

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15	CREDITORS: Amounts falling due within one year	2012 £
	Trade creditors	17,022
	Other taxation and social security	23,614
	Other creditors	17,778
	Accruals	46,311
		<hr/>
		104,725
		<hr/> <hr/>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 16 FUNDS

	At 19 August 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2012 £
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	-	1,524,532	(1,621,801)	97,269	-
Pension reserve	-	(814,000)	(36,000)	(241,000)	(1,091,000)
Start up grant	-	25,000	(25,614)	614	-
Other DfE/EFA grants	-	41,363	(4,823)	(36,540)	-
Local authority grants	-	18,923	-	(18,923)	-
Other restricted income	-	18,837	(18,837)	-	-
	-	814,655	(1,707,075)	(198,580)	(1,091,000)
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Capital expenditure from GAG	-	-	(942)	11,581	10,639
Local authority grants	-	8,421	-	(8,421)	-
Inherited fixed assets	-	3,214,250	(31,356)	-	3,182,894
	-	3,222,671	(32,298)	3,160	3,193,533
<b>TOTAL RESTRICTED FUNDS</b>	-	4,037,326	(1,739,373)	(195,420)	2,102,533
<b>UNRESTRICTED FUNDS</b>					
Unrestricted funds	-	260,715	(91,228)	(45,580)	123,907
<b>TOTAL UNRESTRICTED FUNDS</b>	-	260,715	(91,228)	(45,580)	123,907
<b>TOTAL FUNDS</b>	-	4,298,041	(1,830,601)	(241,000)	2,226,440

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. The academy is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of the GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

The LGPS Deficit Fund 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 Academy Start Up Fund has been created to recognise the restricted grant funding received from the DfE to assist with the costs incurred by the school during the process on conversion to academy status. The overspend on this fund has been covered by the GAG.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 16 FUNDS (CONTINUED)

The other government grants fund has been created to recognise the restricted grant funding received from the local authority to be used for the purpose of specific projects and assisting with the education of children whom require special assistance when it comes to learning.

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 freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
Tangible fixed assets	-	-	3,193,533	3,193,533
Current assets	123,907	104,725	-	228,632
Current liabilities	-	(104,725)	-	(104,725)
Pension scheme liability	-	(1,091,000)	-	(1,091,000)
<b>TOTAL NET ASSETS/ LIABILITIES</b>	<b>123,907</b>	<b>(1,091,000)</b>	<b>3,193,533</b>	<b>2,226,440</b>

### 18 FINANCIAL COMMITMENTS

#### OPERATING LEASES

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

	2012 £
Other:	
Expiring within one year	-
Expiring within two and five years inclusive	2,759
	<u>2,759</u>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

19	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2012 £
	Net income	2,467,440
	Cash impact of transfer on conversion (note 26)	(2,504,667)
	Depreciation	32,298
	Capital grants from DfE and others	(8,421)
	Interest receivable	(1,041)
	FRS 17 pension cost less contributions payable (note 24)	(2,000)
	FRS 17 pension finance income (note 24)	38,000
	Increase in stocks	(1,214)
	Increase in debtors	(4,186)
	Increase in creditors	104,725
	NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>120,934</u>
20	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
	Interest received	<u>1,041</u>
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	<u>1,041</u>
20A	CASH TRANSFERRED ON CONVERSION TO AN ACADEMY	2012 £
	Cash balance transferred on conversion (Note 26)	<u>104,417</u>
21	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
	Purchase of tangible fixed assets	(11,581)
	Capital grants from DfE/EFA	<u>8,421</u>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(3,160)</u>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

22 ANALYSIS OF CHANGES IN NET FUNDS	At 19		Cash	At 31
	August	Acquisition	flows	August
	2011			2012
	£	£	£	£
Cash at bank and in hand	-	104,417	118,815	223,232
Debt	-	-	-	-
	<u>-</u>	<u>104,417</u>	<u>118,815</u>	<u>223,232</u>

## 23 MEMBERS' LIABILITY

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

## 24 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. These are centralised schemes for certain qualifying employees with the assets held in a separate fund administered by the trustees the respective pension schemes.

As described in note 26, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Contributions totalling £17,660 were payable to the scheme at 31 August 2012 and are included within creditors.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

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### 24 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### TEACHERS PENSION SCHEME

The TPS is an unfunded defined benefit scheme. Contributions on a “pay-as-you-go” basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members’ accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher’s Pension (Employer’ Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

#### LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £111,000, of which employer’s contributions totalled £85,000 and employees’ contribution totalled £26,000. The agreed rates for future periods are 12.3 per cent for employers and 5.5 - 7.5 per cent for employees.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 24 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Principal actuarial assumptions

	2012 %
Rate of increase in salaries	3.7
Rate of increase for pensions in payment	1.9
Discount rate	3.9
Inflation (CPI)	1.9

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

	2012 years
Retiring today:	
Males	22.7
Females	25.3
Retiring in 20 years:	
Males	24.1
Females	26.8

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012	
		£'000	%
Equities	5.9%	112	67.9%
Gilts	2.8%	10	6.1%
Other bonds	3.9%	15	9.1%
Property	4.9%	21	12.7%
Cash	0.5%	7	4.2%
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>165</b>	
Present value of scheme liabilities			
- Funded		(1,256)	
<b>DEFICIT IN THE SCHEME</b>		<b>(1,091)</b>	

The actual return on the scheme assets was £7,000.



# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 24 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Amounts recognised in the statement of financial activities	2012 £'000
Current service cost (net of employee contributions)	57
Past service cost	-
	<hr/>
Total operating charge	57
	<hr/> <hr/>
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	5
Interest on pension liabilities	(43)
	<hr/>
Pension finance costs	(38)
	<hr/> <hr/>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £241,000.

Movements in the present value of defined benefit obligations were as follows:	2012 £'000
Upon conversion to an academy	861
Current service cost	83
Interest cost	43
Employee contributions	26
Actuarial loss	243
	<hr/>
At 31 August	1,256
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# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

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### 24 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2012 £'000
Movements in the fair value of Academy Trust's share of scheme assets:	
Upon conversion to an academy	47
Expected return on assets	5
Actuarial gain	2
Employer contributions	85
Employee contributions	26
	<hr/>
At 31 August	165
	<hr/> <hr/>

The estimated value of employer contributions for the period ended 31 August 2013 is £95,000.

Amounts for the period:

	2012 £'000
Present value of defined benefit obligations	(1,256)
Fair value of share of scheme assets	165
	<hr/>
Deficit in the scheme	(1,091)
	<hr/> <hr/>
Experience adjustments on share of scheme assets	
Amount £'000	2
	<hr/> <hr/>
Experience adjustments on scheme liabilities:	
Amount £'000	-
	<hr/> <hr/>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2012

### 25 RELATED PARTIES

Owing to the nature of the Academy Trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

### 26 CONVERSION TO AN ACADEMY TRUST

On 1 September 2011 the Thriftwood School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Thriftwood School from Essex County Council for £nil consideration.

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

#### Voluntary income/ other resources expended analysis:

	<b>TOTAL</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Restricted</b>
	<b>£</b>	<b>funds</b>	<b>general</b>	<b>fixed</b>
		<b>£</b>	<b>fund</b>	<b>asset</b>
			<b>£</b>	<b>funds</b>
				<b>£</b>
Tangible fixed assets:				
Freehold land and buildings	3,214,250	-	-	3,214,250
School funds surplus	104,417	104,417	-	-
LGPS pension deficit	(814,000)	-	(814,000)	-
	<u>2,504,667</u>	<u>104,417</u>	<u>(814,000)</u>	<u>3,214,250</u>

The above net assets include £104,417 that were transferred as cash.

# INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THRIFTWOOD SCHOOL AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 6 September 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Thriftwood School during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Thriftwood School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Thriftwood School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Thriftwood School and the 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 1 September 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## APPROACH

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
THRIFTWOOD SCHHOL AND THE EDUCATION FUNDING AGENCY

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CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Chartered Accountants

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*24 December 2012*

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